泰 达

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 2019

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

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

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

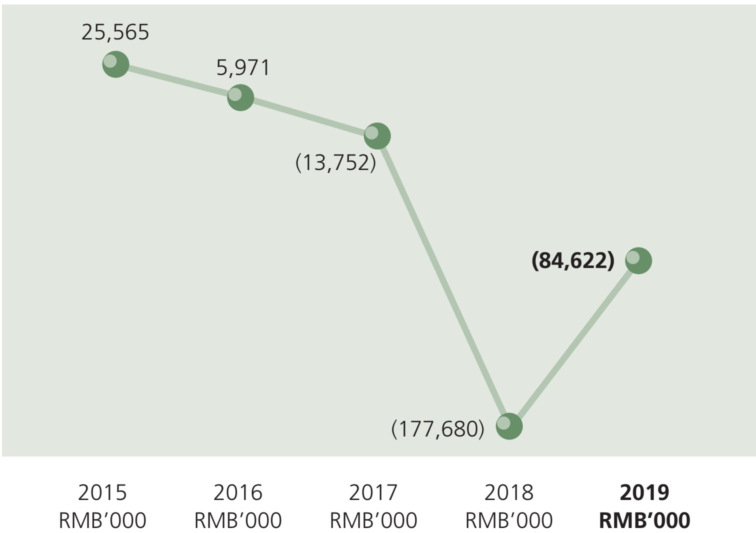
FINANCIAL HIGHLIGHTS

Financial Summary

	For the year ended 31 December				
	2015	2016	2017	2018	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Results					
Turnover	501,590	389,278	375,907	351,898	**358,752**
Gross profit	96,721	78,806	53,205	1,707	**34,996**
Gross margin	19.28%	20.24%	14.15%	0.49%	**9.75%**
Profit/(loss) attributable to the shareholders	25,565	5,971	(13,752)	(177,680)	**(84,622)**
Earnings/(loss) per share	1.76 cents	0.37 cents	(0.82) cents	(9.58) cents	**(4.47) cents**

	As at 31 December				
	2015	2016	2017	2018	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Assets & Liabilities					
Total assets	458,505	459,628	707,878	448,980	**361,913**
Total liabilities	114,072	110,244	133,078	157,312	**156,406**
Equity attributable to the shareholders	319,937	325,908	422,954	273,006	**191,034**

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 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** *RMB*	2018 *RMB*
Revenue	*2*	**358,751,734**	351,897,658
Cost of sales		**(323,756,023)**	(350,190,803)
Gross profit		**34,995,711**	1,706,855
Other income and losses, net		**(7,937,281)**	(3,680,687)
Selling and distribution costs		**(18,561,353)**	(21,726,586)
Administrative expenses		**(27,606,878)**	(28,333,237)
Research and development expenses		**(8,298,309)**	(11,667,239)
Finance costs	*4*	**(4,636,152)**	(2,762,567)
Impairment loss of:			
– goodwill		**(3,749,807)**	–
– intangible asset		**(12,881,908)**	(227,361,866)
– trade receivables		**(19,161,085)**	(3,817,278)
– other receivables		**(384,599)**	(44,626)
– right-of-use assets		**(4,766,091)**	–
– property, plant and equipment		**(8,754,679)**	–
– interest in associates		**(1,714,938)**	–
– amount due from an associate		**(833,414)**	–
Gain on disposal of a subsidiary		**1,918,826**	–
Loss on modification of lease contract		**(1,491,079)**	–
Share of loss of associates		**(4,952,796)**	(2,792,016)
Loss before income tax	*4*	**(88,815,832)**	(300,479,247)
Income tax	*5*	**5,136**	(158,686)
Loss for the year		**(88,810,696)**	(300,637,933)
Loss and total comprehensive income for the year		**(88,810,696)**	(300,637,933)
Attributable to:			
Owners of the Company			
– Loss for the year		**(84,621,807)**	(177,679,819)
Non-controlling interests			
– Loss for the year		**(4,188,889)**	(122,958,114)
		(88,810,696)	(300,637,933)
Loss per share			
– Basic and diluted	*7*	**(4.47)**	(9.58)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 RMB	2018 RMB
Non-current assets			
Property, plant and equipment		**56,329,036**	71,338,431
Right-of-use assets		**12,992,063**	–
Goodwill		**8,400,000**	12,149,807
Intangible asset	8	**3,896,964**	18,045,202
Interest in associates		**13,642,335**	17,660,069
Prepaid land lease payments		**–**	13,018,908
Prepayments and other receivables	10	**12,514,676**	12,401,826
Other financial assets		**–**	10,463,767
Total non-current assets		**107,775,074**	155,078,010
Current assets			
Inventories		**88,933,060**	85,618,751
Trade and bills receivables	9	**59,706,282**	76,699,301
Prepayments and other receivables	10	**66,218,178**	66,745,283
Amounts due from associates		**14,399,019**	12,683,044
Financial assets at fair value through profit or loss		**–**	9,025,622
Other financial assets		**633,919**	–
Cash and bank balances		**24,247,304**	43,129,493
Total current assets		**254,137,762**	293,901,494
Total assets		**361,912,836**	448,979,504
Current liabilities			
Trade payables	11	**19,283,679**	40,175,528
Contract liabilities		**37,463,275**	22,264,411
Other payables and accruals		**55,476,202**	42,121,228
Amount due to an associate		**5,600,000**	–
Amount due to non-controlling interests		**1,120,528**	1,120,528
Other financial liabilities		**–**	1,633,200
Bank borrowings	12	**31,200,000**	49,500,000
Lease liabilities		**6,218,453**	–
Current tax liabilities		**43,764**	496,978
Total current liabilities		**156,405,901**	157,311,873
Net current assets		**97,731,861**	136,589,621
Total assets less current liabilities		**205,506,935**	291,667,631
NET ASSETS		**205,506,935**	291,667,631
Capital and reserves attributable to owners of the Company			
Share capital	13	**189,450,000**	189,450,000
Reserves		**1,584,098**	83,555,905
Equity attributable to owners of the Company		**191,034,098**	273,005,905
Non-controlling interests		**14,472,837**	18,661,726
TOTAL EQUITY		**205,506,935**	291,667,631

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Share capital	Share premium	Surplus reserve	Capital reserve	Other reserve	(Accumulated losses)/ Retained earnings	Attributable to owners of the Company	Non– controlling interests	Total
	Note 13	*Note 14(i)*	*Note 14(ii)*	*Note 14(iii)*	*Note 14(v)*	*Note 14(iv)*			
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Balance as at 1 January 2018	169,500,000	255,466,214	3,717,696	2,541,404	(22,032,403)	(5,925,357)	403,267,554	150,357,314	553,624,868
Loss and total comprehensive income for the year	–	–	–	–	–	(177,679,819)	(177,679,819)	(122,958,114)	(300,637,933)
Issue of new shares	19,950,000	19,851,224	–	–	–	–	39,801,224	–	39,801,224
Acquisition of non-controlling interests of a subsidiary	–	–	–	–	–	(578,933)	(578,933)	578,933	–
Dividends declared to non-controlling interest in 2018 *(Note i)*	–	–	–	–	–	–	–	(1,120,528)	(1,120,528)
Transfer from non-controlling interests to owners of the Company *(Note i)*	–	–	–	–	–	8,195,879	8,195,879	(8,195,879)	–
Balance as at 31 December 2018 and 1 January 2019	189,450,000	275,317,438	3,717,696	2,541,404	(22,032,403)	(175,988,230)	273,005,905	18,661,726	291,667,631
Loss and total comprehensive income for the year	–	–	–	–	–	(84,621,807)	(84,621,807)	(4,188,889)	(88,810,696)
Put option exercised *(Note 14(v))*	–	–	–	–	2,650,000	–	2,650,000	–	2,650,000
Balance as at 31 December 2019	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(260,610,037)	191,034,098	14,472,837	205,506,935

Note i: Pursuant to the profit guarantee issued by a non-controlling interest in a subsidiary, SJKGC, the Company is eligible to preferentially appropriate USD2,750,000 included in the profit of the subsidiary for the year ended 31 December 2017. The appropriation was passed, by the shareholders' meeting held in 2018 and resulted in a transfer from non-controlling interests to accumulated losses attributable to owners of the Company.

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

(a) Adoption of new/revised HKFRSs – effective on 1 January 2019

The HKICPA has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- HKFRS 16, Leases
- HK(IFRIC)-Int 23, Uncertainty over Income Tax Treatments
- Amendments to HKFRS 9, Prepayment Features with Negative Compensation
- Amendments to HKAS 19, Plan Amendment, Curtailment or Settlement
- Amendments to HKAS 28, Long-term Interests in Associates and Joint Ventures
- Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 included in Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 "Leases" have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

(i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 "Leases" ("HKAS 17"), HK(IFRIC)-Int 4 "Determining whether an Arrangement Contains a Lease", HK(SIC)-Int 15 "Operating Leases-Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". From a lessee's perspective, almost all leases are recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted by the Group as allowed under HKFRS 16, please refer to section (ii) to (v) of this note.

The Group has applied HKFRS 16 using the modified retrospective approach and recognise right-of-use assets and lease liabilities at the date of initial application for leases previously classified as operating leases applying HKAS 17. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on consolidated statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

Consolidated statement of financial position as at 1 January 2019

	RMB
Increase in right-of-use assets	36,756,264
Decrease in prepaid land lease payments	(13,292,433)
Increase in lease liabilities (current)	6,284,698
Increase in lease liabilities (non-current)	17,179,133

	RMB
Non-current assets	
Right-of-use assets	36,756,264
Prepaid land lease payments	(13,018,908)
	23,737,356
Current assets	
Prepaid land lease payments included in prepayments and other receivables	(273,525)
Current liabilities	
Lease liabilities – current portion	6,284,698
Non-current liabilities	
Lease liabilities – non-current portion	17,179,133

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the consolidated statement of financial position as at 1 January 2019:

Reconciliation of operating lease commitment to lease liabilities

	RMB
Operating lease commitment as of 31 December 2018	26,553,010
Less: short term leases for which lease terms end within 31 December 2019	(207,556)
	26,345,454
Less: future interest expenses	(2,881,623)
Total lease liabilities as of 1 January 2019	23,463,831

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position as at 1 January 2019 is 4.80%.

(ii) The new definition of a lease

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified asset and; (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases.

(iii) Accounting as a lessee

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the commencement date of a lease.

Right-of-use asset

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

For leasehold land and buildings which is held for own use would continue to be accounted for under HKAS 16 and would be stated at cost and amortised over the period of the lease. The adoption of HKFRS 16 therefore does not have any significant impact on these right-of-use assets. Other than the above right-of-use assets, the Group exercises its judgement and determines that it is a separate class of asset apart from the leasehold land and buildings which is held for own use. As a result, the right-of-use asset arising from the properties under tenancy agreements are at depreciated cost.

Lease liability

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, for example, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) Accounting as a lessor

As the accounting under HKFRS 16 for a lessor is substantially unchanged from the requirements under HKAS 17, the adoption of HKFRS 16 does not have significant impact on these consolidated financial statements.

(v) Transition

As mentioned above, the Group has applied HKFRS 16 using the modified retrospective approach and recognised right-of-use assets at the date of initial application for leases previously classified as operating lease applying HKAS 17. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the consolidated statement of financial position immediately before 1 January 2019. For all these right-of-use assets, the Group relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review.

The Group has also applied the following practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) applied the exemption of not to recognise right-of-use assets and lease liabilities for leases with term that will end within 12 months of the date of initial application at 1 January 2019 and accounted for those leases as short-term leases; (iii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019 and (iv) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The Interpretation supports the requirements of HKAS 12, "Income Taxes", by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes. Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Amendments to HKAS 19 – Plan Amendments, Curtailment or Settlement

The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("LTI") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combination

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 11, Joint Arrangements

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

(b) New/revised HKFRSs that have been issued but are not yet effective

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

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

HKFRS 17 – Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

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

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

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:

	2019	2018
	RMB	*RMB*
Fertiliser products	**353,356,662**	347,327,533
Elderly care and health care services	**5,395,072**	4,570,125
Total revenue from contracts with customers	**358,751,734**	351,897,658

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

	2019	2018
	RMB	*RMB*
Trade receivables *(note 9)*	**59,206,282**	76,499,301
Contract liabilities	**37,463,275**	22,264,411

Contract liabilities mainly relate to the advance consideration received from customers. RMB15,502,930 (2018: RMB14,924,876) of the balance at beginning of the year has been recognised as revenue for the year ended 31 December 2019 from performance obligation satisfied during the year when the goods were sold or the services were rendered during the year.

3. SEGMENT INFORMATION

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

For the years ended 31 December 2019 and 2018, the Group has two reportable and operating segments. These segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Fertiliser products – Manufacture and sale of biological compound fertiliser products

- Elderly care & health care services – Provision of integrated elderly care and health care services

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

	2019	2018
	RMB	*RMB*
Sales from biological compound fertilisers	**353,356,662**	347,327,533
Income from provision of integrated elderly care and health care services	**5,395,072**	4,570,125
	358,751,734	351,897,658

(a) Business segments

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

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

Year ended 31 December 2019

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

Year ended 31 December 2018

	Fertiliser products RMB	Elderly care & health care services RMB	Total RMB
Revenue from external customers	347,327,533	4,570,125	351,897,658
Inter-segment revenue	–	–	–
Reportable segment revenue	347,327,533	4,570,125	351,897,658
Reportable segment loss	(42,607,392)	(241,363,169)	(283,970,561)
Interest income	(18,173)	(15,634)	(33,807)
Interest expense	2,762,567	–	2,762,567
Depreciation and amortisation for the year	7,171,019	16,777,766	23,948,785
Impairment loss of trade and other receivables	3,861,473	431	3,861,904
Impairment loss of intangible assets	–	227,361,866	227,361,866
Inventories written off	13,070,185	–	13,070,185
Provision for obsolete stock, net	2,151,559	–	2,151,559
Reportable segment assets	354,486,133	56,121,555	410,607,688
Additions to non-current assets during the year	11,002,850	305,702	11,308,552
Reportable segment liabilities	122,283,546	2,145,995	124,429,541

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

	2019 ***RMB***	2018 *RMB*
Revenue		
Total reportable segments' revenue	**358,751,734**	351,897,658
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**358,751,734**	351,897,658

	2019	2018
	RMB	*RMB*
Loss before income tax expense		
Total reportable segments' loss	**(61,650,828)**	(283,970,561)
Elimination of inter-segment profit	**–**	–
Interest income	**19,291**	8,690
Other interest income	**442,956**	1,404,420
Depreciation and amortisation	**(66,333)**	(101,838)
Share of loss of associates	**(4,952,796)**	(2,792,016)
Gain on disposal of a subsidiary	**1,918,826**	–
Impairment loss of interest in associates	**(1,714,938)**	–
Impairment loss of amount due from an associate	**(833,414)**	–
Unallocated corporate expenses	**(21,978,596)**	(15,027,942)
Consolidated loss before income tax expense	**(88,815,832)**	(300,479,247)
Assets		
Total reportable segments' assets	**321,065,509**	410,607,688
Interest in associates	**13,642,335**	17,660,069
Amounts due from associates	**14,399,019**	12,683,044
Unallocated corporate assets	**12,805,973**	8,028,703
Consolidated total assets	**361,912,836**	448,979,504
Liabilities		
Total reportable segments' liabilities	**145,104,833**	124,429,541
Amount due to an associate	**5,600,000**	–
Other financial liabilities	**–**	1,633,200
Unallocated corporate liabilities	**5,701,068**	31,249,132
Consolidated total liabilities	**156,405,901**	157,311,873

(c) Disaggregation of revenue from contracts with customers

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

	Disaggregation of revenue from contracts with customers					
	Fertiliser products		Elderly care & health care services		Total	
	2019	2018	**2019**	2018	**2019**	2018
	RMB	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*
Primary geographical markets						
PRC	**353,356,662**	347,327,533	**5,395,072**	4,570,125	**358,751,734**	351,897,658
Major products/services						
Sales of biological compound fertiliser products						
– Ordinary fertilisers	**336,118,175**	327,104,212	**–**	–	**336,118,175**	327,104,212
– Organic fertilisers	**17,238,487**	20,223,321	**–**	–	**17,238,487**	20,223,321
Provision of integrated elderly care & health care services						
– Licensing income	**–**	–	**3,778,333**	2,543,470	**3,778,333**	2,543,470
– Processing income	**–**	–	**300,117**	331,107	**300,117**	331,107
– Consultation service income	**–**	–	**1,316,622**	1,695,548	**1,316,622**	1,695,548
	353,356,662	347,327,533	**5,395,072**	4,570,125	**358,751,734**	351,897,658
Timing of revenue recognition						
At a point in time	**353,356,662**	347,327,533	**3,778,333**	2,543,470	**357,134,995**	349,871,003
Transferred over time	**–**	–	**1,616,739**	2,026,655	**1,616,739**	2,026,655
	353,356,662	347,327,533	**5,395,072**	4,570,125	**358,751,734**	351,897,658

(d) Geographical information and major customers

The Group's revenue from external customers is mainly derived from its operations in the PRC, where most of its non-current assets are located. None of the customers have transactions with the Group which exceeded 10% of the Group's revenue for the years ended 31 December 2019 and 2018.

4. LOSS BEFORE INCOME TAX

Loss before income tax is arrived after charging:

	2019	2018
	RMB	*RMB*
Finance costs		
Interest expense on bank borrowings	**2,687,555**	2,762,567
Interest expense on other financial liabilities	**1,016,800**	–
Interest expense on lease liabilities	**931,797**	–
	4,636,152	2,762,567
Auditor's remuneration	**1,160,679**	1,204,310
Research and development expenses	**8,298,309**	11,667,239
Cost of inventories recognised as expense	**321,559,999**	333,337,369
Depreciation of property, plant and equipment	**7,424,121**	7,038,965
Amortisation of prepaid land lease payments	**–**	273,525
Amortisation of intangible asset *(note (i))*	**1,266,330**	16,738,133
Depreciation of right-of-use assets	**5,916,221**	–
Provision for inventory obsolescence	**1,039,851**	2,151,559
Short-term leases expenses (2018: Operating lease rentals)	**3,185,941**	5,131,293
Employee costs (including emoluments of directors and supervisors):		
– Wages and salaries	**26,223,656**	24,999,887
– Retirement benefit scheme contributions	**3,683,412**	3,667,652
– Staff welfare and other benefits	**1,748,772**	1,709,831
	31,655,840	30,377,370

Note:

(i) Amortisation of intangible asset is included in cost of sales.

5. INCOME TAX

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

	2019	2018
	RMB	*RMB*
Current tax		
– tax for the year	**78,580**	598,407
– over provision in respect of prior years	**(83,716)**	(439,721)
	(5,136)	158,686

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% (2018: 25%), except for the following subsidiaries.

High and New-Tech enterprise certificate was issued on 9 November 2017 and lasted for 3 years, to Guangdong Fulilong Compound Fertilisers Co., Ltd., recognising the entity as a High and New-Tech enterprise according to the PRC tax regulations and hence entitled to a preferential tax rate of 15% (2018: 15%).

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 2019 (2018: nil).

	2019	2018
	RMB	*RMB*
Loss before income tax	**(88,815,832)**	(300,479,247)
Calculated at statutory rate of 25% (2018: 25%)	**(22,203,958)**	(75,119,812)
Tax effect of share of loss of associates	**1,238,199**	698,004
Tax effect of non-taxable items	**(1,540,414)**	(537,604)
Tax effect of expenses not deductible for taxation purposes	**16,484,886**	65,876,219
Tax effect of unused tax losses not recognised	**4,771,812**	7,762,365
Tax rate of differential and preferential tax treatment	**1,736,093**	1,919,235
Utilisation of tax losses previously not recognised	**(408,038)**	–
Over provision in respect of prior years	**(83,716)**	(439,721)
Income tax	**(5,136)**	158,686

(b) Deferred taxation

At 31 December 2019, the Group has unused tax losses of RMB85.5 million (2018: RMB70.8 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 RMB14.7 million, RMB22.3 million, RMB31.0 million and RMB17.5 million will be expired in 2021, 2022, 2023 and 2024 respectively. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

6. DIVIDEND

No dividend has been paid nor declared by the Company during the year (2018: 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:

	2019	2018
	RMB	*RMB*
Loss for the purpose of basic loss per share	**(84,621,807)**	(177,679,819)
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,894,500,000**	1,855,146,575

No diluted loss per share is presented as there was no potential ordinary shares in issue during the years ended 31 December 2019 and 2018.

8. INTANGIBLE ASSET

	2019	2018
	RMB	*RMB*
Cost		
At 1 January and 31 December	**276,085,998**	276,085,998
Amortisation and impairment		
At 1 January	**258,040,796**	13,940,797
Amortisation	**1,266,330**	16,738,133
Impairment	**12,881,908**	227,361,866
At 31 December	**272,189,034**	258,040,796
Carrying amount	**3,896,964**	18,045,202

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

The intangible asset relates to 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 included the PRC, Hong Kong, Macau, Japan and Korea. The exclusive worldwide license is granted from an independent third party incorporated in Seychelles, and such license is owned by an independent third party incorporated in Cyprus in relation to quantitative EEG data collection, analysis and subsequently for establishing the associated medical data bank.

9. TRADE AND BILLS RECEIVABLES

	2019	2018
	RMB	*RMB*
Trade receivables	**116,917,888**	117,503,355
Allowance for expected credit losses	**(57,711,606)**	(41,004,054)
	59,206,282	76,499,301
Bills receivable	**500,000**	200,000
	59,706,282	76,699,301

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:

	2019	2018
	RMB	*RMB*
Within 3 months	**23,900,405**	41,487,500
More than 3 months but less than 6 months	**14,298,938**	22,030,651
More than 6 months but less than 12 months	**11,178,309**	5,385,592
Over 1 year	**9,828,630**	7,595,558
	59,206,282	76,499,301

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

	2019	2018
	RMB	*RMB*
At 1 January	**41,004,054**	37,186,776
Disposal of a subsidiary	**(2,453,533)**	–
Expected credit losses provided	**19,161,085**	3,817,278
At 31 December	**57,711,606**	41,004,054

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 2019 and 2018 using a provision matrix to measure expected credit losses. The provision rates are based on 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:

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

2018	Within 3 months *RMB*	More than 3 months but less than 6 months *RMB*	More than 6 months but less than 12 months *RMB*	Over 1 year *RMB*	Total *RMB*
Expected loss rate	8.65%	14.62%	38.50%	79.76%	
Gross carrying amount	45,416,048	25,802,270	8,757,720	37,527,317	117,503,355
Expected credit losses	3,928,548	3,771,619	3,372,128	29,931,759	41,004,054

10. PREPAYMENTS AND OTHER RECEIVABLES

	2019	2018
	RMB	*RMB*
Current		
Prepayments		
Advanced deposits to suppliers	**55,971,078**	64,102,603
Other prepayments	**–**	273,525
	55,971,078	64,376,128
Other receivables *(note (iii))*	**12,910,478**	4,647,934
Less: allowance for doubtful debts *(note (ii))*	**(2,663,378)**	(2,278,779)
	10,247,100	2,369,155
	66,218,178	66,745,283
Non-current		
Prepayments *(note (i))*	**12,514,676**	12,401,826
	78,732,854	79,147,109

Notes:

(i) In October 2013, the Group started legal proceeding against a lessor and its associates for failure to assist the Group in applying for relevant certificate for a deposit of acquiring prepaid land lease. On 12 September 2017, the Group and the owner of the land lease signed a Cooperative Land Use Right Transfer Agreement in which the owner of the land lease agreed to transfer the land use right at a consideration of RMB10.8 million, before including the direct costs, with a lease period of 50 years. On 28 September 2019, the Group signed an agreement with an independent third party (the "Acquirer") to unconditionally transfer the land use right to the acquirer when the Group successfully obtained the land use right certificate at a consideration of RMB11,500,000 (the "Consideration"). The arrangement of transfer of the land use right certificate is in progress as at 31 December 2019. As at 31 December 2019, deposits and relevant prepayments including direct costs required for the acquisition of the land use right is recorded in the consolidated statement of financial position as prepayments and the Consideration was recorded in the consolidated statement of financial position as receipt in advance. The actual cost incurred for the acquisition of land use right, including the direct costs, would be confirmed once the land use right transfer is agreed.

(ii) Allowance for doubtful debts:

	2019	2018
	RMB	*RMB*
At 1 January	**2,278,779**	2,234,153
Allowance for impairment loss	**384,599**	44,626
At 31 December	**2,663,378**	2,278,779

The Group determined that these other receivables do not have low credit risk at reporting date and there is significant increase in credit risk since initial recognition, which the ECLs is recognised at lifetime basis. As such, other receivables are assessed for impairment individually at each reporting date and impairment losses of the Group amounting to approximately RMB2.6 million (2018: RMB2.3 million) has been made as at 31 December 2019. The individually impaired receivables are recognised based on the indication of financial difficulties and default in payments. Consequently, specific impairment provision was recognised. Prepayments and other receivables are non-interest bearing and the Group does not hold any collateral over these balances.

(iii) Included in other receivables there was an amount due from a wholly owned subsidiary of a shareholder of the Company ("the Borrower") of RMB7,000,000 as at 31 December 2019 (2018: nil). The amount is unsecured and interest bearing at 4% per annum. RMB2,000,000 will be repayable by 30 April 2020, RMB2,500,000 will be repayable by 30 June 2020 and RMB2,500,000 will be repayable by 30 September 2020, respectively.

11. TRADE PAYABLES

	2019	2018
	RMB	*RMB*
Trade payables	**19,283,679**	40,175,528

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

	2019	2018
	RMB	*RMB*
Within 3 months	**11,276,484**	30,210,855
More than 3 months but less than 6 months	**719,847**	3,611,449
More than 6 months but less than 12 months	**2,549,525**	2,164,397
Over 1 year	**4,737,823**	4,188,827
	19,283,679	40,175,528

12. BANK BORROWINGS

	2019	2018
	RMB	*RMB*
Secured	**31,200,000**	49,500,000

Bank borrowings are repayable within one year.

Notes:

(i) In 2019, bank borrowings secured against property, plant and equipment with a total carrying amount of approximately RMB29.6 million (2018: RMB30.5 million). Certain bank borrowings were also guaranteed by a director of the subsidiary and an independent third party.

(ii) The bank borrowings of the Group bear interest at fixed and floating interest rates. The effective interest rates ranged from 4.35% to 6.50% (2018: 4.35% to 6.50%).

(iii) As at 31 December 2019, banking facilities of approximately RMB54.0 million (2018: RMB62.9 million) were granted to the Group and the Group utilised approximately RMB31.2 million during the year ended 31 December 2019 (2018: RMB49.5 million).

13. SHARE CAPITAL

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

	2019		2018	
	Number (million)	***RMB***	*Number (million)*	*RMB*
Ordinary shares of RMB0.10 each:				
Domestic shares				
At 1 January and 31 December	**698**	**69,750,000**	698	69,750,000
H shares				
At 1 January	**1,197**	**119,700,000**	997	99,750,000
Issue of new shares *(note (i))*	**–**	**–**	200	19,950,000
At 31 December	**1,197**	**119,700,000**	1,197	119,700,000
Total at 31 December	**1,895**	**189,450,000**	1,895	189,450,000

Notes:

(i) On 14 March 2018, the Company issued additional 199,500,000 H Shares to six independent third parties in an aggregate consideration of RMB39,801,224, after deducting relevant expenses incurred in relation to the issuance.

(ii) 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 2019, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2018: nil).

14. RESERVES

	Share premium RMB (Note(i))	Capital reserve RMB (Note(iii))	Accumulated losses RMB (Note(iv))	Other reserve RMB (Note(v))	Total RMB
The Company					
At 1 January 2018	255,466,214	(2,312,483)	(104,978,935)	(22,032,403)	126,142,393
Issue of new share	19,851,224	–	–	–	19,851.224
Loss and total comprehensive income for the year	–	–	(85,425,893)	–	(85,425,893)
At 31 December 2018 and 1 January 2019	275,317,438	(2,312,483)	(190,404,828)	(22,032,403)	60,567,724
Loss and total comprehensive income for the year	–	–	(142,903,241)	–	(142,903,241)
Put option exercised *(note (v))*	–	–	–	2,650,000	2,650,000
At 31 December 2019	275,317,438	(2,312,483)	(333,308,069)	(19,382,403)	(79,685,517)

(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 2019 and 2018 as such reserve reached 50% of the registered capital of the respective companies.

No surplus reserve was set up for the Company for the year ended 31 December 2019.

(iii) Capital reserve

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

(iv) Accumulated losses

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

(v) Other reserve

The reserve relates to the initial carrying amount of liability of a written put option granted to non-controlling interests which were independent third parties under a disposal transaction of partial interest in a subsidiary. The Company entered into a mediation agreement with one of Purchaser on 11 July 2019 for arranging share buyback of 2.51% equity interest. The share buyback was completed on 30 August 2019 and the consideration of RMB2,650,000 was derecognised against the other financial liabilities.

Please refer to pages 30 to 48 of the Announcement on Unaudited Annual Results for 2019 for the section "MANAGEMENT DISCUSSION AND ANALYSIS", which includes the information in relation to "BUSINESS REVIEW", "FINANCIAL REVIEW", "STRUCTURE OF SHARE CAPITAL", etc., except for the "LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO" was updated in accordance to the audited figures and discussed below.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 31 December 2019, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2019, the Group's current assets and net current assets were RMB254,137,762 (31 December 2018: RMB293,901,494) and RMB97,731,861 (31 December 2018: RMB136,589,621) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 1.62 (31 December 2018: 1.87). The Group's current assets as at 31 December 2019 comprised mainly cash and bank balances of RMB24,247,304 (31 December 2018: RMB43,129,493), trade and bills receivables of RMB59,706,282 (31 December 2018: RMB76,699,301), prepayments and other receivables of RMB66,218,178 (31 December 2018: RMB66,745,283) and inventories of RMB88,933,060 (31 December 2018: RMB85,618,751).

As at 31 December 2019, total bank borrowings of the Group amounted to RMB31,200,000 (31 December 2018: RMB49,500,000). The bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed and floating interest rates ranging from 4.35% to 6.50% (31 December 2018: 4.35% to 6.50%) per annum. Out of all the bank borrowings, a total amount of RMB24,000,000 will mature in the first half of 2020, a total amount of RMB7,200,000 will mature in the second half of 2020.

As at 31 December 2019, the Group's consolidated total assets and net assets were RMB361,912,836 (31 December 2018: RMB448,979,504) and RMB205,506,935 (31 December 2018: RMB291,667,631) respectively. The Group's consolidated gearing ratio, represented by the ratio of total liabilities to total assets, was 0.43 (31 December 2018: 0.35). As at 31 December 2019, the Group's consolidated gearing ratio, represented by the ratio of total bank borrowings to total assets, was 0.09 (31 December 2018: 0.11).

UPDATE OF ANNUAL RESULTS

The difference of the figures between the Announcement on Unaudited Annual Results for 2019 and this announcement are mainly reclassification adjustments of certain items in the consolidated statement of financial position on 31 December 2019 and the reclassification in relation to the share of loss of associates and impairment loss of interest in associates. The figures were updated accordingly and there was no impact to the loss for the year ended 31 December 2019, and the net current assets and net assets as at 31 December 2019.

AUDIT COMMITTEE

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

The audit committee had held six meetings during the current financial year. The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2019.

By order of the Board
Tianjin TEDA Biomedical Engineering Company Limited
Sun Li
Chairman

Tianjin, the PRC
22 April 2020

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

This announcement, for which the directors are willing to collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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.