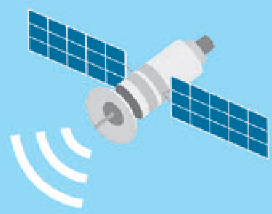
天津泰達生物醫學工程股份有限公司

# Tianjin TEDA Biomedical Engineering Company Limited

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 8189)

# ANNUAL REPORT 2024



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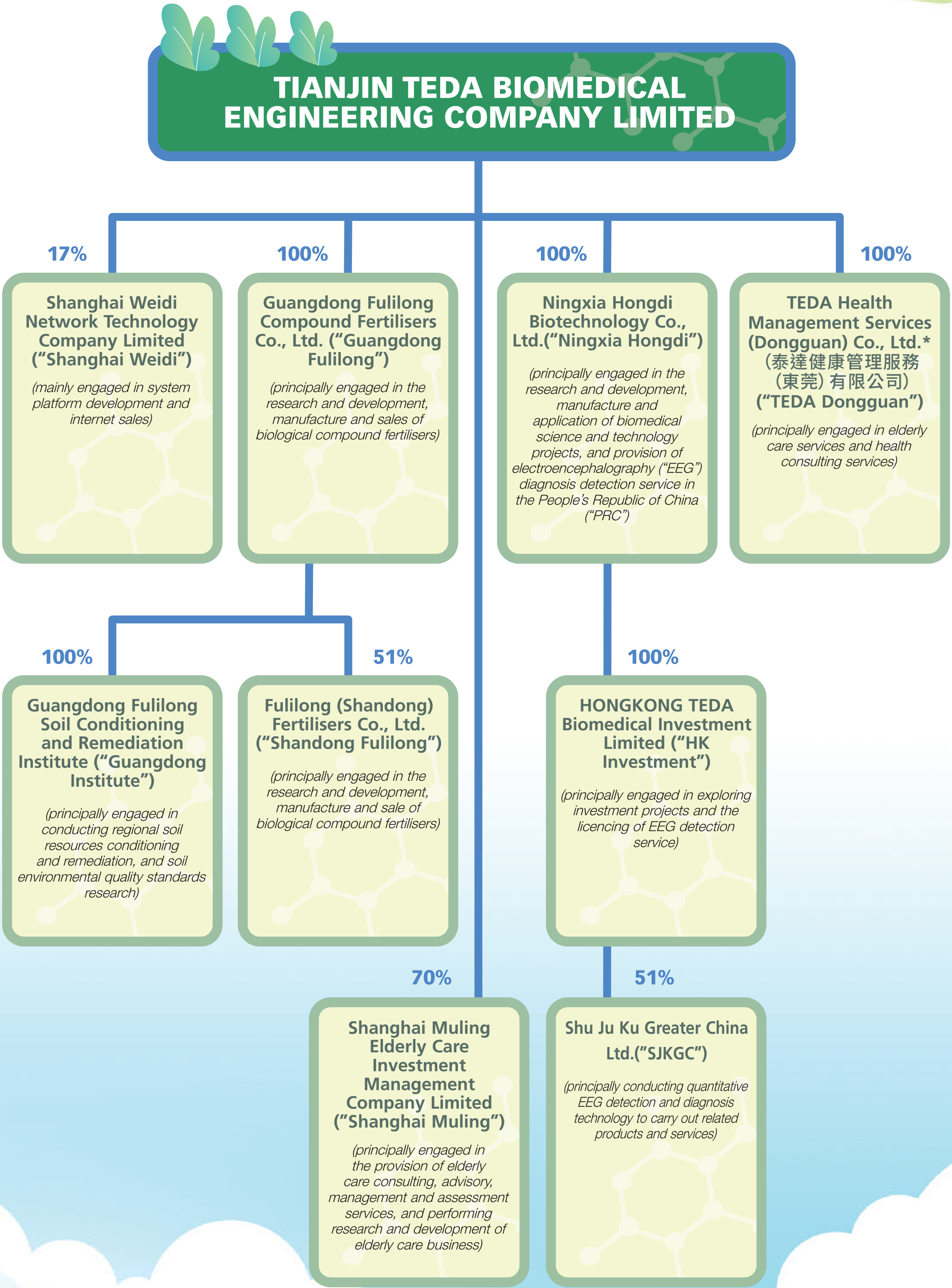
# CONTENTS



# CORPORATE INTRODUCTION

Tianjin TEDA Biomedical Engineering Company Limited ("TEDA Biomedical" or the "Company" and together with its subsidiaries, collectively the "Group") was incorporated on 8 September 2000 and listed on GEM of the Hong Kong Stock Exchange on 18 June 2002 (Stock Code: 8189), with a current registered capital of RMB189,450,000. Currently, the Group is principally engaged in two industry sectors: on one hand, it is the biological compound fertiliser business, which principally includes a series of biological compound fertiliser products that are used for the facilitation of balanced growth of grains, fruit and vegetables. On the other hand, it is the elderly care and health care business, which principally includes the comprehensive layout of elderly care services integrating medical services and elderly care services, and operation and management business. Such business mainly includes conducting the operation and management of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related old-aged service businesses nationwide, and establishing its own elderly care institutions or elderly communities at the right time.

# GROUP STRUCTURE



# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS
Ms. Sun Li
Mr. He Xin (redesignated from the executive director to the non-executive director on 31 March 2025)

## NON-EXECUTIVE DIRECTORS
Mr. Cao Aixin (resigned on 27 March 2025)
Ms. Li Xueying
Dr. Li Ximing

## INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Li Xudong (resigned on 28 March 2024)
Mr. Wang Yongkang
Ms. Gao Chun
Mr. Tu Xiangzhen (appointed on 7 June 2024)

## SUPERVISORS
Ms. Yang Chunyan (resigned on 14 October 2024)
Ms. Liu Jinyu

## INDEPENDENT SUPERVISORS
Mr. Liang Weitao
Mr. Zhao Zhiyou (resigned on 12 February 2025)

## COMPANY SECRETARY/QUALIFIED ACCOUNTANT
Mr. Ng Ka Kuen Raymond, CPA, FCIS

## COMPLIANCE OFFICER
Ms. Sun Li

## AUDIT COMMITTEE
Mr. Li Xudong (resigned on 28 March 2024)
Mr. Wang Yongkang
Ms. Gao Chun
Mr. Tu Xiangzhen (appointed on 7 June 2024)

## REMUNERATION COMMITTEE
Mr. Wang Yongkang
Ms. Sun Li
Ms. Gao Chun

## NOMINATION COMMITTEE
Ms. Sun Li
Mr. Wang Yongkang
Ms. Gao Chun

## AUTHORISED REPRESENTATIVES
Ms. Sun Li
Mr. Ng Ka Kuen Raymond

## REGISTERED OFFICE
No. 12 Tai Hua Road,
The 5th Avenue,
TEDA Tianjin, PRC

## AUDITOR
Fan, Chan & Co. Limited

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS
9th Floor, Block A2,
Tianda Hi-Tech Park,
No. 80, The 4th Avenue
TEDA Tianjin, PRC

## HONG KONG REPRESENTATIVE OFFICE
4/F The Chinese Club Building
21–22 Connaught Road Central
Central, Hong Kong

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Rooms 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

## COMPANY WEBSITE
www.bioteda.com

## STOCK CODE
8189

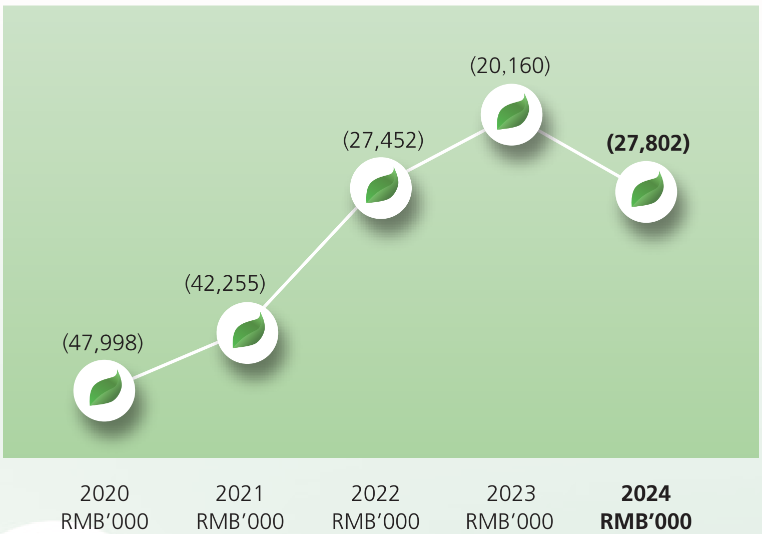
# FINANCIAL HIGHLIGHTS

## FINANCIAL SUMMARY

| | For the year ended 31 December | | | | |
|---|---|---|---|---|---|
| | 2020 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | **2024 RMB'000** |
| | | | | (Restated) | |
| 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 profit 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 | (2.53) cents | (2.23) cents | (1.45) cents | (1.06) cents | **(1.46) cents** |

| | As at 31 December | | | | |
|---|---|---|---|---|---|
| | 2020 RMB'000 | 2021 RMB'000 | 2022 RMB'000 | 2023 RMB'000 | **2024 RMB'000** |
| | | | | (Restated) | |
| 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



# CHAIRMAN'S STATEMENT

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of the Company, I would like to present the audited results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024.

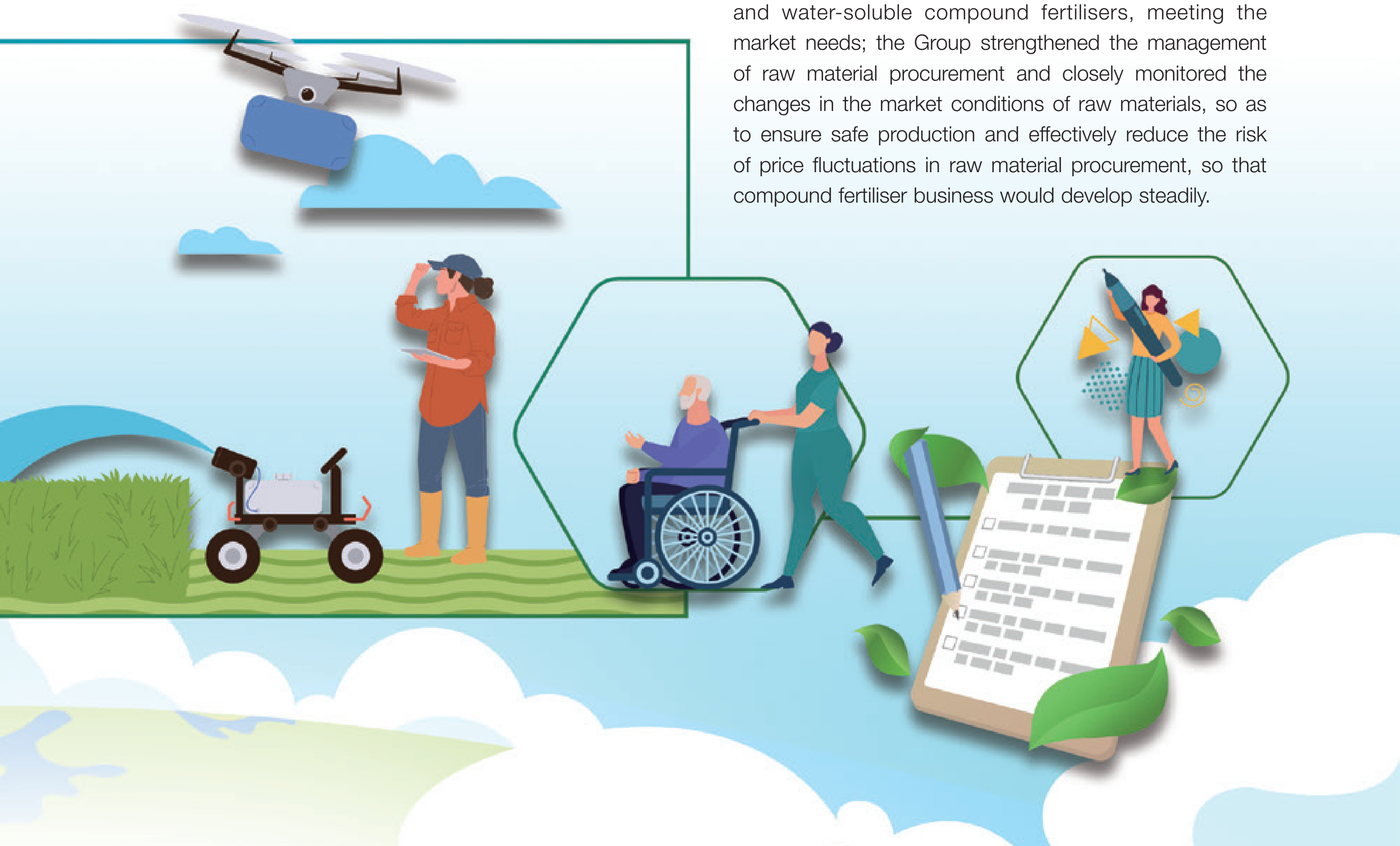
## OPERATIONAL REVIEW

### Compound Fertiliser Business

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.

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.

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; Following market trends, the Group has expanded its product portfolio to include liquid fertilisers and water-soluble compound fertilisers, meeting the market needs; the Group strengthened the management of raw material procurement and closely monitored the changes in the market conditions of raw materials, so as to ensure safe production and effectively reduce the risk of price fluctuations in raw material procurement, so that compound fertiliser business would develop steadily.



# CHAIRMAN'S STATEMENT

### 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.

### AI Medical Large Model Business

In early 2025, the Company completed a series of significant business arrangements, and a professional team in charge of the operation of AI medical large model has been set up. The Company, in collaboration with Beijing Qingniao Kechuang Technology Co., Ltd. (北京青鳥科創科技有限公司), as well as Tian Youzhong and Li Lin, core members of the operation team, 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"). Boya Quanjian will focus on the management and operation of the AI medical health software platform.

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 April 2025, the Company newly launched an additional issuance of shares. No more than 103,500,000 Shares would be placed at the price of HK$0.375, and the gross proceeds from the Placing will be approximately HK$38,812,500 on an assumption that all the Placing Shares are fully placed. The net proceeds after deduction of commission and other expenses of the Placing will be approximately HK$38,300,000. The net proceeds will be used for the development of a medical health software platform, general working capital for the medical and elderly care health business and potential investment opportunities.

In summary, the Company will allocate the aforementioned proceeds rationally within AI medical and elderly care health business, while actively motivating the management team to strive to push forward the Group's medical and elderly care health business, thereby achieving leapfrog development and reach new heights.

## ENVIRONMENT, SOCIETY AND GOVERNANCE

We attach high importance to the financial well-being of the shareholders, while the long-term sustainable and healthy development of the Company shall not be neglected. We have adopted a sustainable development policy which includes principles in respect of employment, labour, business integrity, environment and society. We strive to promote the sustainable development of the society and environment and will endeavour to incorporate those principles into part of our implementation and governance. I, Sun Li, became a member of Alxa SEE Ecological Association ("Alxa SEE"), an environmental protection non-profit organization, in 2019 and TEDA Biomedical became a member of Alxa SEE. Alxa SEE is the first social organisation in the PRC that shoulders social responsibilities and focuses on entrepreneurs with a goal to protect ecology. TEDA Biomedical and I will make further contribution to the environmental protection in the PRC through this platform. Alxa SEE has established 25 environmental protection project centres. Serving as the founding member and former deputy secretary of the Bohai Project Centre of Alxa SEE Ecological Association, I will, on behalf of TEDA Biomedical, strive to protect the coastal wetland of Bohai Rim, promote the improvement of corporate pollution and support newly-established environmental protection organisations. In addition, TEDA Biomedical has also signed the "Protecting Nature is Everyone's Responsibility" action plan of the Business for Nature Alliance ("BfN"), committing and taking immediate actions to protect nature and biodiversity, in order to achieve green and sustainable development. BfN is a global alliance of influential organizations and visionary businesses, including corporate membership organizations, industry associations, research institutes and other non-governmental organizations, with the strategic objective of promoting sustainable development and protecting nature through the application of new business models to make changes.

## 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, under the influence of imported inflation, Russia-Ukraine conflict and so on, the price of raw materials for compound fertiliser has fluctuated considerably, 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 at the end of 2024, with the population aged 60 and above in China reached 310,000,000, accounting for 22.0%, among which, the population 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.

**Sun Li**
*Chairman*
31 March 2025

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

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 Pepublic 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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:

| Names 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 | 1,197,000,000 | 63.18 |
| Total | 1,894,500,000 | 100.00 |

## 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 6.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 10% per annum (31 December 2023: fixed interest rate ranged from 3.30% to 10% 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.

# REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During the reporting period, all members of the Supervisory Committee (the "Supervisory Committee") of the Company have faithfully carried out their duties and obligations in accordance with the requirements of the Company Law of the People's Republic of China and the Articles of Association of the Company, executed the functions of monitoring the operation and management of the Company and supervised the directors and senior management officers so as to protect the legal rights and interests of the shareholders, the Company and our staff.

## 1. MEETING OF THE SUPERVISORY COMMITTEE

During the reporting period, the Supervisory Committee of the Company has convened two meetings in total:

1. On 28 March 2024, the Supervisory Committee convened the first meeting in 2024, at which the consolidated financial report of the Group for the year 2023 audited by Fan, Chan & Co. was reviewed and approved;

2. On 30 August 2024, the Supervisory Committee convened the second meeting in 2024, at which the half-year report of the unaudited results of the Company for the six months ended 30 June 2024 was reviewed and approved;

## 2. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE OPERATION OF THE COMPANY IN 2024:

1. As to the compliance of the operation of the company: the Supervisory Committee of the Company has supervised the convening procedures and the resolutions of the Company's general meetings and board meetings, the board's implementation of the resolutions passed at the general meetings, the performance of the senior management's duties, and the management system of the Company in accordance with relevant regulations in China and the articles of association, and is of the opinion that, the Board and the management of the company have operated in compliance with the relevant laws, strictly implemented all the resolutions passed at the general meetings, adopted scientific and reasonable operating policies, and further improved the internal control system during the current reporting period, and that none of the directors, the chief executive officer and the senior management of the Company has violated any law, regulation or the articles of association or caused any damage to the interest of the Company or the shareholders during the performance of their duties.

2. As to the financial review on the Company: the Supervisory Committee has carried out financial review on the Company, and is of the opinion that, the financial report of the Company is a true reflection of the Company's financial and operational results, and that the audit report is true and reasonable without any false record, misleading statement or omission of important material facts, and is favourable for the shareholders to truly understand the financial and operational status of the Company.

In the coming year, the members of the Supervisory Committee of the Company will continue to improve their working capabilities, enhance their senses of responsibilities and adhere to principles, while being bold, fair and responsible when performing their duties. Meanwhile, the Supervisory Committee will further improve the corporate governance, enhance the consciousness of self-discipline and sense of integrity, strengthen the supervisory intensity as well as earnestly bear the responsibilities of protecting shareholders' interests in accordance with the Company Law and Articles of Association. We will fulfill our duty and responsibility to facilitate the standard operation of the Company with the Board and all shareholders for the purpose of creating a sustainable and healthy development of the Company.

By order of the Supervisory Committee
**Tianjin TEDA Biomedical Engineering Company Limited**
**Liu Jinyu**
*Chairperson of the Supervisory Committee*
31 March 2025

# DIRECTORS' REPORT

The Board hereby submits their report together with the audited consolidated financial statements of Tianjin TEDA Biomedical Engineering Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES AND SEGMENT ANALYSIS OF OPERATION

The current principal activities of the Company are the research and development and commercialisation of biological compound fertiliser products and provision of elderly care and health care services.

The activities of the subsidiaries are set out in Note 40 to the consolidated financial statements enclosed.

## CHANGE OF SHARE CAPITAL

Details of the movements in share capital of the Company are set out in Note 31 to the consolidated financial statements enclosed.

## RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 71 of this annual report.

The directors did not recommend the payment of any dividend during the year.

## DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company at 31 December 2024 calculated under the Company's bye-laws approximately amounted to nil (2023: Nil).

## RESERVES

Details of the movements in the reserves of the Group and the Company during the year are set out in the consolidated statements of changes in equity on page 74 of this annual report and Note 32 to the consolidated financial statements enclosed respectively.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 16 to the consolidated financial statements enclosed.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Articles of Association and there is no restriction against such a right under the laws of the People's Republic of China (the "PRC").

## FINANCIAL SUMMARY

The summary of the results and the assets and liabilities of the Group for the last five financial years ended 31 December 2024 is set out on page 5 of this annual report.

## CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

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 approximately RMB38,900,000 (2023: RMB53,200,000).

As at 31 December 2024, the Group did not have any material contingent liabilities (2023: Nil).

## MAJOR CUSTOMERS AND SUPPLIERS

The percentage of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

### PURCHASES

| | |
|---|---|
| — Largest supplier | 15.03% |
| — Five largest suppliers combined | 53.45% |

### SALES

| | |
|---|---|
| — Largest customer | 4.43% |
| — Five largest customers combined | 13.34% |

None of the directors, their associates or any shareholder that, as far as the directors are aware, holds more than 5% of the Company's shares, are interested in the major suppliers and customers mentioned above.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The directors, supervisors and senior management in office during the year were:

### Executive Directors

Ms. Sun Li
Mr. He Xin (redesignated from the executive director to the non-executive director on 31 March 2025)

### Non-executive Directors

Mr. Cao Aixin (resigned on 27 March 2025)
Ms. Li Xueying
Dr. Li Ximing

### Independent Non-executive Directors

Mr. Li Xudong (resigned on 28 March 2024)
Mr. Wang Yongkang
Ms. Gao Chun
Mr. Tu Xiangzhen (appointed on 7 June 2024)

### Supervisors

Ms. Yang Chunyan (resigned on 14 October 2024)
Ms. Liu Jinyu

### Independent Supervisors

Mr. Liang Weitao
Mr. Zhao Zhiyou (resigned on 12 February 2025)

# DIRECTORS' REPORT

### Senior Management

Ms. Sun Li (redesignated from the position as Joint Chief Executive Officer to Chief Executive Officer on 27 March 2024)
Mr. Qin Wenhua (resigned as Joint Chief Executive Officer on 27 March 2024)

*Company Secretary*

Mr. Ng Ka Kuen Raymond

As of 31 December 2024, the Company has two executive directors, three non-executive directors and three independent non-executive directors respectively. As at 28 March 2024, Mr. Li Xudong resigned as independent non-executive director and the Board proposes to appoint Mr. Tu Xiangzhen as independent non-executive director for a term commencing on the date of approval at the annual general meeting and expiring on 31 December 2025. On 27 March 2025, Mr. Cao Aixin resigned as a non-executive director. On 31 March 2025, Mr. He Xin, an executive director, applied for redesignation to a non-executive director. According to Article 98 of the Company's Articles of Association, it stipulates that the Board shall consist of nine directors, of which three are executive directors, three are non-executive directors, and three are independent non-executive directors. As the number of members of the Company's Board does not meet the requirements of our Articles of Association, the Board will find suitable candidates to serve as executive directors as soon as practicable in order to comply with our Articles of Association. As of 31 December 2024, the Company has one supervisor and two independent supervisors. On 14 October 2024, Ms. Yang Chunyan resigned as a supervisor. On 12 February 2025, Mr. Zhao Zhiyou resigned as an independent supervisor. According to Article 118 of the Company's Articles of Association, it stipulates that the Supervisory Committee shall consist of four supervisors. As the number of members of the Company's Supervisory Committee does not meet the requirements of our Articles of Association, the Company will find suitable candidates to serve as supervisors as soon as practicable in order to comply with our Articles of Association.

## BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Executive Directors

**Ms. Sun Li** ("Ms. Sun"), aged 52, the Chairman of the Board of the Company, graduated from the Economic and Trade Faculty of Central South University with a bachelor's degree in Technological Economics in June 1995 and with a master's degree in Management Business Administration Faculty in June 1998. Ms. Sun graduated from City University of Hong Kong with a doctorate degree in Business Administration in 2021. Ms. Sun was among the first batch of candidates who obtained the qualification of sponsor representatives from the Securities Association of China in 2004. Ms. Sun has engaged in investment banking for 15 years, with rich experience in filtering quality corporations, restructuring, counseling, initial public offering projects as well as mergers and acquisitions of listed companies. From August 1998 to April 2004, she successively acted as business director, senior manager, and business manager at the investment banking headquarter of Dapeng Securities Co., Ltd. (大鵬證券有限責任公司). From May 2004 to August 2005, she served as deputy general manager in Shenzhen investment banking division of Centergate Securities Co., Ltd. (中關村證券股份有限公司). From September 2005 to March 2010, she successively served as business director, internal auditor, member of GEM's advisory committee at the investment banking headquarter of China Merchants Securities Co., Ltd. (招商證券股份有限公司). From April 2010 to April 2013, she served as general manager and internal auditor in mergers and acquisitions division of Minsheng Securities Co., Ltd. (民生證券有限責任公司). From May 2013 until now, she served as president, director and co-partner of Beijing Yingguxinye Investment Co., Ltd (北京盈谷信曄投資有限公司). From September 2014 until now, she was the founding member of Tianjin Teda "Wings of the Angel" Investor Club. From August 2015 until now, Ms. Sun was appointed as an executive director and the Chairman of the Board of the Company. From September 2015 to January 2019, from December 2019 to September 2022 and from March 2024 to date, she concurrently served as Chief Executive Officer of the Company. From September 2022 to March 2024, she also concurrently served as the Joint Chief Executive Officer of the Company.

**Mr. He Xin** ("Mr. He"), aged 55, postgraduate, graduated from Beijing Jiaotong University majoring in Mechanical Engineering. From July 1992 to June 1994, he served as a business manager of the export department of China Railway Import and Export Company under the Ministry of Railway (鐵道部中鐵進出口公司). From June 1994 to May 2005, he worked as a secretary of the administrative department of Shenzhen Golden Century Development Company Limited (深圳金世紀發展有限公司). From May 2005 to September 2009, he served as an investment manager of the international department of China Merchants Securities Company Limited. From September 2010 to March 2014, he held a position as a vice president of Beijing Yingguxinye Investment Co., Ltd. From March 2014 to August 2016, he held positions as a director and a general manager of Ningxia Yinggu Industry Company Limited (寧夏盈谷實業股份有限公司). From August 2016 to present, he has been serving as a general manager of Beijing Yingguxinye Investment Co., Ltd. Mr. He was appointed as an executive director of the Company from December 2018 to March 2025, and was redesignated to the non-executive director of the Company from March 2025.

### Non-Executive Directors

**Mr. Cao Aixin** ("Mr. Cao"), aged 62, has over 20 years of experience in sales and management and has been extremely familiar with the business and operations of the Group. Mr. Cao joined Guangdong Fulilong Compound Fertilisers Co., Ltd. ("Guangdong Fulilong") as a regional marketing manager in October 1997. He subsequently served as the general marketing manager of Guangdong Fulilong from 2001 to 2005, the deputy general manager of Guangdong Fulilong from 2006 to 2009 and has been appointed as the chairman of Guangdong Fulilong from 2010 to present, during which he has accumulated extensive experience in business operation and marketing. Mr. Cao was appointed as a non-executive director of the Company from November 2017 to March 2025.

**Dr. Li Ximing** ("Dr. Li"), aged 64, graduated from Chinese Academy of Medical Science with a master's degree in neuropharmacology in 1988; graduated from Karolinska Institute in Sweden with a doctoral degree in neuroscience in 1995; graduated from the neuroscience drug development research center (神經藥物研究中心) at Lilly Research Laboratories as a postdoctoral researcher in 1998. Dr. Li is hired specifically as an expert for the Recruitment Program of Global Experts (千人計劃) in PRC, who owns more than twenty years of national and foreign experiences in new drug research and development. Dr. Li has also accumulated fruitful experience in project management of international new drug research and development, designing and practicing clinical trial, contract research organisation (CRO) management, Food and Drug Administration (FDA) drug approvals, expert consultation and selection of investors. Dr. Li was a researcher at the department of obesity studies (肥胖研究部) of Bayer U.S. innovation Center from 1998 to 2001; was an expert of clinical trial at the department of central neuroscience drug development (中樞神經藥物研究部) of Pharmacia from 2001 to 2002; was an associate director at the department of central neuroscience drug development (中樞神經藥物研究部) of Eisai Inc. (a subsidiary of Japan-based Eisai Company Limited) from 2002 to 2004; was an associate director of clinical trial at the research center of central neuroscience drug development (中樞神經藥研究所) of Roche Diagnostic USA from 2004 to 2005; was a vice president of medical research at the international research and development center (國際研發中心) of Bayer Healthcare Co., Ltd. from 2005 to 2012; is the vice president of registry clinical studies at Luye Pharma Group Limited since 2013. Dr. Li was appointed as a non-executive director of the Company since January 2017.

## DIRECTORS' REPORT

**Ms. Li Xueying** ("Ms. Li"), aged 47, a member of the Communist Party of China, holds a master's degree from Nanjing Forestry University and is a deputy senior engineer. She has been engaged in management work for 15 years. In July 2006, she worked as the project manager of the planning department in Modern Industrial Park. In May 2008, she was the project manager of the commercial department of Modern Industrial Park. In June 2014, she was the secretary and supervisor of the general office of Modern Industrial Park. In 2019, she was the person-in-charge of the general office of Modern Industrial Park. From July 2020 to date, she has been serving as the deputy director of the business service department of Tianjin TEDA Industrial Development Corporation. Ms. Li was appointed as a non-executive director of the Company from 18 May 2021 to present.

### Independent Non-Executive Directors

**Mr. Li Xudong** ("Mr. Li"), aged 55, is a senior accountant with a bachelor's degree in accounting, who also is an accountant, a public valuer and a tax agent certified in PRC; is an executive partner with specific normal partnership (特殊普通合夥) at Da Hua Certified Public Accountants (大華會計師事務所); was a member of the 13th, 14th and 15th Main Board Issuance Examination Committee (主板發行審核委員會) of China Securities Regulatory Commission (中國證監會). Mr. Li has been engaged in certified accountant services since 1996, who focuses in listing whole or part of corporate assets, asset restructuring, audit of initial public offering projects and listed company and consultation services. Mr. Li was a certified accountant of main examination and signing at listed companies and large state-owned enterprises such as Dalian Wanda Commercial Properties Company Limited (萬達商業地產股份有限公司), Inner Mongolia Junzheng Energy & Chemical Group Company Limited (內蒙古君正能源化工股份有限公司), Hangxiao Steel Structure Company Limited (浙江杭蕭鋼構股份有限公司), China Camc Engineering Company Limited (中工國際工程股份有限公司), and China National Machinery Industry Corporation (中國機械工業集團公司). Mr. Li has rich and professional experience in the fields of accounting, examination, asset evaluation, mergers and acquisitions, as well as company management consultation service. Mr. Li was appointed as an independent non-executive director of the Company since January 2017 to March 2024.

**Mr. Wang Yongkang** ("Mr. Wang"), aged 56, obtained his bachelor's degree of Law in administrative management from China University of Political Science and Law in 1993 and his master's degree of Law in economic law from Capital University of Economics and Business in 1999. After postgraduate studies, Mr. Wang worked at Gaopeng & Partners (高朋律師事務所) as an attorney from 1999 to January 2002. From February 2001 to March 2003, he worked at Grandall Legal Group (Beijing) (國浩律師集團 (北京) 事務所) as a partner. From April 2003 to November 2022, he co-founded Broad & Ken Partners (博金律師事務所) as a partner. From November 2022 to date, he has been working at Yun Jia Law Firm as a lawyer. Mr. Wang served as the independent director of Zhengzhou Coal Industry & Electric Power Co., Ltd. (鄭州煤電股份有限公司) (600121) from 2007 to 2013. Mr. Wang was appointed as an independent non-executive director of the Company since November 2017.

**Ms. Gao Chun** ("Ms. Gao"), aged 55, graduated from Gannon University in the United States with a master's degree in business administration. Ms. Gao was a financial analyst in 6 sigma Black Belts (quality management method) at General Electric Company from 2000 to 2004. Ms. Gao was a financial manager at the Bayer U.S., development officer and business operation officer of Bayer China from 2004 to 2016. Ms. Gao was appointed as an independent non-executive director of the Company since January 2017.

**Mr. Tu Xiangzhen** ("Mr. Tu"), aged 67 with on-the-job postgraduate qualification. From September 1981 to October 1989, he served as the accountant and the chief accountant of Shangrao District Grain Bureau of Jiangxi Province. From October 1989 to October 2000, he was the section deputy secretary, the section chief secretary, and the chief officer of the research section of the Shangrao Prefectural Committee Office of Jiangxi Province. From October 2000 to December 2006, he served as the deputy secretary-general, office deputy director, and the director of the office to the deputy secretary-general of the Shangrao Municipal People's Political Consultative Conference. From December 2006 to August 2016, he served as the director of Shangrao Municipal Culture Bureau and the secretary of the Party Leadership Group. In August 2016, he resigned from his leadership positions and became a researcher. He has been retired since August 2018. From June 2024 to present, Mr. Tu has been serving as an independent non-executive director of the Company.

## Supervisors

**Ms. Yang Chunyan** ("Ms. Yang"), aged 49, graduated from Tianjin University (天津大學) in 2005 with a bachelor's degree in financial management. She acquired the title of intermediate-level accountant in 2008. She worked at the Finance Department of Incubator from June 1996 to August 2000 and has been working with the Financial Management Department of the Company since September 2000. Ms. Yang has served as Chairman of the Trade Union of the Group since 28 June 2007 and a supervisor of the Company since January 2010 to October 2024.

**Ms. Liu Jinyu** ("Ms. Liu"), aged 52, graduated with a degree in Corporate Management and Human Resources Management from Tianjin Nankai University (天津南開大學). Between 1997 and 2001, she was appointed as the chief officer of the human resources department of Tianjin New World Department Store Co., Ltd. (天津新世界百貨有限公司). She was engaged as the manager of the general department of Tianjin Zhongying Food Co., Ltd (天津中迎食品有限公司) from 2001 to 2003 and the human resources manager of Tianjin Auchan Hypermarkets Co., Ltd (天津歐尚超市有限公司) from 2003 to 2007. Ms. Liu joined the Company as human resources manager in 2007 and has been appointed as deputy officer of the President's office of the Company since April 2011. Ms. Liu was appointed as a supervisor of the Company since August 2011.

## Independent Supervisors

**Mr. Liang Weitao** ("Mr. Liang"), aged 43, graduated from Tongji University with a bachelor's degree in science, from Zhejiang University with a master degree in science and from City University of Hong Kong with a master degree in management. Mr. Liang previously worked in the investment banking department, the investment banking strategic customer department and the NEEQ business department of China Merchants Securities, as well as an executive director and the deputy managing director in the investment banking quality control department at Great Wall Securities. Mr. Liang currently serves as the responsible person of the international business department at Great Wall Securities, and is responsible for the establishment of the Hong Kong subsidiary and carryingout cross-border investment and financing business. Mr. Liang has been appointed as an independent supervisor of the Company since August 2015.

**Mr. Zhao Zhiyou** ("Mr. Zhao"), aged 43, holds a bachelor's degree. He served as an accountant and finance manager at the financial department of Wuhan Iron and Steel Construction Group Limited Electricity Company* (武漢鋼鐵建工集團有限責任公司電氣分公司) and Wugang Group International Economic and Trading Company Limited* (武鋼集團國際經濟貿易有限公司) from August 2004 to January 2017. He served as a foreign exchange business manager in Hubei Daye Non-ferrous Metal Company Limited* (湖北大冶有色金屬有限責任公司) from January 2017 to January 2018. He was a finance officer at the offshore business department of Zhejiang Fuye Group Co., Ltd* (浙江富冶集團有限公司) from April 2018 to October 2018. He has been serving as a deputy financial controller in Beijing Yingguxinye Investment Co., Ltd* (北京盈谷信曄投資有限公司) from October 2018 to June 2020. He has been the financial controller of Xinjiang Changyuan Yinggu Coal Sales Company Limited* (新疆昌源盈谷煤炭銷售有限公司) from June 2020 to August 2021. He has been a director at Ningxia Yinggu Industry Company Limited* (寧夏盈谷實業股份有限公司), a company listed on the National Equities Exchange and Quotations System (stock code: 830855), since May 2021. Mr. Zhao was appointed as an independent supervisor of the Company from February 2022 to February 2025.

# DIRECTORS' REPORT

### Qualified Accountant and Company Secretary

**Mr. Ng Ka Kuen Raymond** ("Mr. Ng"), aged 64, was an associate member of the Association of Cost and Executive Accountants in September 1985 and became a fellow member of that Association in October 1986. In November 1997, he was awarded a Graduate Diploma in Administration and a Bachelor Degree of Arts by Australian Catholic University, and Ottawa University, Ottawa, Kansas State, the United States of America respectively. Mr. Ng became an associate member of the Association of International Accountants in June 2004. In April 2005, Mr. Ng became a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Before joining the Company, Mr. Ng has more than 10 years of audit experience.

## DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and the supervisors of the Company has entered into a service contract with the Company. Particulars of these contracts, except as indicated, are in all material respects identical and are set out below:

The service term of these contracts was three years commencing on 1 January 2023, unless the contract is terminated by either party giving not less than one month's prior written notice to the other.

None of the directors has entered into a service contract with the Company, which cannot be terminated by the Company within one year without payment of compensation, other than statutory compensation.

As to the remunerations of the directors and supervisors of the Company, the Board of the Company has been authorized by the shareholders of the Company to determine the remunerations of the directors and supervisors on the basis of the prevailing market rate and the recommendation from the remuneration committee of the Company.

## MATERIAL CONTRACTS

Save as the service contracts of the directors and the supervisors disclosed in this annual report, no material contracts (including provision of relevant services) in relation to the Group's business to which the Company or its subsidiaries was a party and in which any of the directors, the supervisors of the Company or members of its management had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## DIRECTORS' REMUNERATION AND TOP FIVE HIGHEST PAID PERSONS

Details of directors' remuneration and the top five highest paid persons are set out respectively in Note 15 to the consolidated financial statements enclosed.

## CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive directors, namely Mr. Tu Xiangzhen, Mr. Wang Yongkang and Ms. Gao Chun, an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company still considers the independent non-executive directors to be independent.

## 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 Lvye Fertilisers. Ms. Sun Li is the beneficial owner of Beijing Yingguxinye Investment Co., Ltd. ("Yingguxinye") holding its 15% equity interest, while Yingguxinye holds 100% equity interest in Xiangyong Investment and Lvye Fertilisers, respectively. All of the shares represent domestic shares.

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

Save as disclosed in this paragraph, as of 31 December 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' REPORT

## 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 (Note) | 9.63% |
| Xiangyong Investment | Beneficial owner | 180,000,000 (Note) | 9.50% |
| Guangdong Jiamei | Beneficial owner | 180,000,000 (Note) | 9.50% |
| Lvye Fertilisers | Beneficial owner | 120,000,000 (Note) | 6.33% |

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

Save as disclosed above, as at 31 December 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.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not redeem any of its shares during the year under review. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2024.

## 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 his 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

A report on the principal corporate governance practices adopted by the Company is set out on pages 30 to 40 of this annual report.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The report on the Environmental, Social and Governance of the Group is set out on pages 41 to 65 of this annual report.

## SUFFICIENCY OF THE PUBLIC FLOAT

On the date of this report, according to the information published by the Company and to the best knowledge of the directors, the Company has maintained the public float as prescribed in the GEM Listing Rules.

## AUDITOR

On 7 June 2024, Fan, Chan & Co. Limited ("Fan, Chan & Co") was re-appointed as the auditor of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

The financial statements of the Group for the year ended 31 December 2024 have been audited by Fan, Chan & Co.. A resolution will be submitted to the forthcoming annual general meeting to re-appoint Fan, Chan & Co. as the auditor of the Company.

On behalf of the Board
**Sun Li**
*Chairman*

Tianjin, China, 31 March 2025

# CORPORATE GOVERNANCE REPORT

## 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 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.

## BOARD OF DIRECTORS AND BOARD MEETING

### Board Composition and Board Practices

As of 31 December 2024, the Company has two executive directors, three non-executive Directors and three independent non-executive Directors respectively. As at 28 March 2025, Mr. Li Xudong resigned as independent non-executive director and the Board proposes to appoint Mr. Tu Xiangzhen as independent non-executive director for a term commencing on the date of approval at the annual general meeting and expiring on 31 December 2025. On 27 March 2025, Mr. Cao Aixin resigned as a non-executive director. On 31 March 2025, Mr. He Xin, an executive director, applied for redesignation to a non-executive director. According to Article 98 of the Company's Articles of Association, it stipulates that the Board shall consist of nine directors, of which three are executive directors, three are non-executive directors, and three are independent non-executive directors. As the number of members of the Company's Board does not meet the requirements of our Articles of Association, the Board will find suitable candidates to serve as executive directors as soon as practicable in order to comply with our Articles of Association. As of 31 December 2024, the Company has one supervisor and two independent supervisors. On 14 October 2024, Ms. Yang Chunyan resigned as a supervisor. On 12 February 2025, Mr. Zhao Zhiyou resigned as an independent supervisor. According to Article 118 of the Company's Articles of Association, it stipulates that the Supervisory Committee shall consist of four supervisors. As the number of members of the Company's Supervisory Committee does not meet the requirements of our Articles of Association, the Company will find suitable candidates to serve as supervisors as soon as practicable in order to comply with our Articles of Association.

All executive directors have given tremendous efforts, time and attention to the affairs of the Group. Each director has sufficient experience to hold the position. There is no financial, business, family or other material relationship amongst the directors. The directors' biographical information is set out on pages 22 to 26 under the section headed "Biographical Details of Directors, Supervisors and Senior Management" of this annual report.

## BOARD OF DIRECTORS AND BOARD MEETING *(continued)*

### Board Composition and Board Practices *(continued)*

The Board, currently headed by the Chairman, Ms. Sun Li, is responsible for overall corporate development strategy, annual and interim results, implementation of corporate plans, risk management, major acquisitions, disposals and capital raising, and other significant operational and financial matters. The Chairman of the Board has focused on the effective operation of the Board, and encouraged all the directors to devote themselves to the affairs of the Board, perform their own duties, formulate, review and monitor issuers and directors to obey legal regulatory rules and code of conduct and discuss all the important issues in a timely manner. The Chairman also supervised the implementation and review of good corporate governance practices and procedures. Major corporate matters that are specifically delegated by the Board of Directors to the management include the preparation of annual and interim financial statements for Board approval before publication, execution of business strategies and initiatives adopted by the Board of Directors, effective implementation of full risk management procedures and internal controls system, and compliance with relevant statutory requirements and rules and regulations. Pursuant to the requirements set out in Code, the management provides updated information to all the members of the Board on a monthly basis, which contains the latest operational developments, important financial information, major events and, if any, the background information of the issues to be discussed at the Board meeting. The Chairman has also taken appropriate measures to keep in touch with the shareholders and make sure that the opinions of the shareholders can be heard by the Board; to encourage and help the non-executive directors to make contributions to the Board and to ensure that the executive directors maintain a constructive relationship with the non-executive directors.

The Board members for the year ended 31 December 2024 were:

### Executive Directors

Ms. Sun Li
Mr. He Xin (redesignated from the executive director to the non-executive director on 31 March 2025)

### Non-Executive Directors

Mr. Cao Aixin (resigned on 27 March 2025)
Ms. Li Xueying
Dr. Li Ximing

### Independent Non-Executive Directors

Mr. Li Xudong (resigned on 28 March 2024)
Mr. Wang Yongkang
Ms. Gao Chun
Mr. Tu Xiangzhen (appointed on 7 June 2024)

# CORPORATE GOVERNANCE REPORT

## BOARD OF DIRECTORS AND BOARD MEETING *(continued)*

### Board Composition and Board Practices *(continued)*

Pursuant to the requirements of provision A.2.1 of the Code, the Chairman of the Board and the Chief Executive Officer shall be performed by two individuals to ensure their respective independence and accountability. The Chairman is responsible for chairing and convening the general meetings, chairing the Board meetings, examining the implementation of the resolutions of the Board and formulating overall strategies and policies of the Group. The Chief Executive Officer is responsible for managing the Group's business and overall operations. The day-to-day running of the Group is delegated to the management with divisional heads responsible for different aspects of the business.

On 6 September 2022, the Board of the Company passed a resolution that Ms. Sun Li was transferred from the position as Chief Executive Officer to Joint Chief Executive Officer, and Mr. Qin Wenhua was appointed as a Joint Chief Executive Officer of the Company. On 26 March 2024, Mr. Qin Wenhua resigned as Joint Chief Executive Officer of the Company, and Ms. Sun Li was transferred from the position as Joint Chief Executive Officer to Chief Executive Officer. As Ms. Sun now serves as both the Chairman of the Board and the Chief Executive Officer of the Company, the requirements of provision C.2.1 of the Code were not fully fulfilled. The Board is of the opinion that it is of the best interests of the Company for Ms. Sun to hold both positions as the Chairman of the Board and the Chief Executive Officer for the time being as it helps to maintain the continuity of the policies and the stability of the operations of the Company. The Company will fulfill the requirements of provision A.2.1 of the Code as soon as possible for increasing the transparency and independence of corporate governance.

Executive directors are responsible for running the Group and executing the strategies adopted by the Board. They lead the Group's management team in accordance with the directions set by the Board and are responsible for ensuring that complete risk management and internal control system are in place and the Group's business conforms to the applicable laws and regulations.

Non-executive directors (including independent non-executive directors) serve the important function of advising the management on strategy development separately and ensure that the Board maintains high level of transparency in financial and other reporting as well as providing adequate checks and balances for safeguarding the interests of shareholders and the Group as a whole.

The Board complies with the minimum requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive directors and each of its independent non-executive directors has made an annual confirmation of his/her independence pursuant to the GEM Listing Rules. The Company believes, all of the independent non-executive directors are in compliance with the guidelines of independence set out in the GEM Listing Rules and are therefore all independent persons as defined therein. And one of them has the appropriate professional qualifications required under the GEM Listing Rules.

## BOARD OF DIRECTORS AND BOARD MEETING *(continued)*

### Board Composition and Board Practices *(continued)*

Throughout the year, the Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. The Board holds at least two meetings per year. During 2024, the Board held two meetings for the discussion and approval of important matters such as the approval of interim results and annual results, dividends, etc. In addition, the Chairman of the Company's Board also met with certain non-executive directors to seek their views on certain business or operational matters. Apart from the regular Board meetings of the year, the Board has met on other occasions when a Board-level decision on a particular matter was required. The directors have received details of agenda items for decision and minutes of committee meetings in advance of each Board meeting. The directors have attended meetings in person or through other means of electronic communication in accordance with the Company's Articles. Notice of at least 15 days has been given of a regular Board meeting to enable the directors to make informed decisions on matters to be raised at the Board meetings. Independent non-executive directors and other non-executive directors have been treated the same as other members of the Board, and have attended the board meetings and the committee meetings where they served as a member to actively participate in the discussion of the issues proposed at the meetings and advice on the professional trainings for senior management and developing strategy of the Company based on their own professional background, skills and qualifications. They have also attended general meetings and developed a balanced understanding of the views of shareholders. Besides, pursuant to the requirements of the Code, all directors have received continuous professional development training. During the year under review, the Company arranged special training about GEM Listing Rules for directors, supervisors and senior management in relation to GEM Listing Rules (including the 75th, 76th, 77th and 78th amendments). In addition, pursuant to the GEM listing requirements A.1.8, the Company has arranged appropriate insurance cover for its directors and the senior management to avoid legal risks.

During the year, the attendance records of the Board members at the Board meetings, general meetings and the training course are as follows:

| Name of Directors | Attendance/ Number of Board Meetings | Attendance/ Number of General Meetings | Attendance/ Number of Training Course |
|---|---|---|---|
| *Executive Directors* | | | |
| Ms. Sun Li | 2/2 | 1/1 | 1/1 |
| Mr. He Xin | 2/2 | 1/1 | 1/1 |
| *Non-Executive Directors* | | | |
| Ms. Li Xueying | 2/2 | 1/1 | 1/1 |
| Mr. Cao Aixin | 2/2 | 1/1 | 1/1 |
| Mr. Li Ximing | 2/2 | 1/1 | 1/1 |
| *Independent Non-Executive Directors* | | | |
| Ms. Gao Chun | 2/2 | 1/1 | 1/1 |
| Mr. Wang Yongkang | 2/2 | 1/1 | 1/1 |
| Mr. Tu Xiangzhen (appointed on 7 June 2024) | 1/2 | 0/1 | 1/1 |
| Mr. Li Xudong (resigned on 28 March 2024) | 0/2 | 0/1 | 0/1 |

## BOARD OF DIRECTORS AND BOARD MEETING *(continued)*

### Board Composition and Board Practices *(continued)*

To the knowledge of the directors, there is no financial, business, family or other material relationships amongst the members of the Board. The Company Secretary attends all regular board meetings to advice on corporate governance and statutory compliance when necessary. Moreover, the Company Secretary prepares minutes and keeps records of matters discussed and decisions resolved at all board meetings. The Company Secretary also keeps the minutes, which are open for inspection at any reasonable notice by any director.

## RISK MANAGEMENT AND INTERNAL CONTROL

According to the requirements of the Code, the Board is responsible for evaluating and determining the nature and extent of the risks to take in achieving the strategic objectives of the Group, and has established and maintained appropriate and effective risk management and internal control systems. The Board is responsible for supervising the management in the design, implementation and monitoring aspects of the risk management and internal control systems, while the management provides the Board the confirmation of the effectiveness of these systems. The Board will continue to monitor the Group's risk management and internal control systems, and ensures reviewing the effectiveness of the Group's risk management and internal control system at least once a year, including but not limited to financial control, operation control and compliance control.

The Board and management of the Company formulate and carry out risk management and internal control according to its strategic goals, gradually build up a sound risk management and internal control system, control the risk within affordable range which adapts to the overall goals, and realize the timeliness of information disclosure and communication of the Group, especially to achieve the real and reliable information communication between the Company and shareholders, ensure the normal operation activities of the Group are proceeding smoothly, reduce operation goals achievement uncertainties, and make sure the Group gradually improves the risk contingency plans to every significant risk against material loss that arise not due to disastrous risks or human errors.

The Group has established the risk management and internal control system. The Board is the highest governing body of risk management and internal control of the Group, while the audit committee under the Board is responsible for examining the assessment and solutions and the setting up of the risk management organization, including but not limited to risk management and internal control procedures, strategic adjustment and material risks, and submits to the Board and executes after approval. The Chief Executive Officer of the Group is accountable for the effectiveness of the risk management and internal control. The internal audit department of the Group leads the specific works, and is responsible for the establishment, operation and organization and coordination of the risk management and internal control system, including but not limited to organizing the pushing forward of the improvement of risk management and internal control system, carrying out mid-year and yearly risk assessment and countermeasures; guiding and monitoring the execution of risk management and internal control in the subsidiaries, and raising up management problems that existed and improvement recommendations according to the results of risk analysis and internal control; cultivating enterprise risk management culture and organizing trainings related to risk management and internal control; and preparing yearly work report. The general managers of subsidiaries are accountable for the effectiveness of the risk management and internal control of the Company, and set up specific positions responsible for connecting the works of the headquarters' risk management, summarizing and reporting relevant information according to the requirements of the headquarters of the Group, and also completing and submitting daily risk management and internal control information on a timely basis.

## RISK MANAGEMENT AND INTERNAL CONTROL *(continued)*

The Board of the Company is the management organization of inside information, while the Chairman of the Board is the principal of the inside information management, and the office of the Board of the Company is responsible for the daily management of inside information of the Group. According to the relevant requirements of SFO, for unpublished inside information involving our operation, finance or other issues that have significant impact on the trading price of the Company's securities, the Group has formulated clearly defined control measures.

Directors, supervisors, senior management of the Company and relevant insiders (thereafter referred to "Insiders") should take necessary measures to limit the Insiders of such information to a minimum range before disclosing inside information. The Insiders have the responsibility to keep confidential the inside information he/she is aware of and prior to the inside information is disclosed according to laws. Insiders shall not leak out, report, deliver by any means arbitrarily, shall not make use of the inside information to trade the shares and derivatives of the Company, or recommend others to trade the shares and derivatives of the Company; shall not make use of the inside information to make profit for himself/herself, his/her relatives or others. When discussing issues that may have significant impact on the share price of the Company, the controlling shareholders and actual controlling parties of the Company shall minimize the scope of inside information. If the issue has already spread out in the market and caused fluctuation on the share price of the Company, they should publish announcements to clarify in accordance with relevant procedures in time. When providing unpublished information to controlling shareholders, actual controlling parties and other Insiders, the Company shall file the information to the office of the Board before providing same, and confirms that it has already signed confidentiality agreement with the parties or obtained commitment from them to keep confidential regarding the relevant information, and registered the same in time. When reviewing and voting unpublished information resolutions, the directors of the Company shall perform their responsibilities conscientiously, while the directors involved in related parties shall abstain from voting. When controlling shareholders, substantial shareholders and actual controlling parties request the Company to provide unpublished information without any reasonable grounds, the Board of the Company should turn down the request. If Insiders is in breach of the requirements herein and disclose the inside information externally, or make use of the inside information to conduct insider trading or recommend others to trade using the inside information that causes significant impact or losses to the Company, the Board of the Company will penalize the person(s) by demerit, demotion, removal, confiscation of fraudulent gains, rescission of labor contract, and report the relevant situation and outcome to the regulatory authorities within 2 business days. Insiders who infringed the rules and caused material losses to the Company and committed a crime shall be devolved to the Department of Justice and subject to criminal liabilities.

## AUDIT COMMITTEE

The Group had established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The audit committee is comprised of three independent non-executive directors. On 28 March 2024, Mr. Li Xudong resigned from his positions as an independent non-executive director and the chairman of the audit committee of the Company. On 8 June 2024, Mr. Tu Xiangzhen was appointed as an independent non-executive director and a member of the audit committee of the Company. Besides this, the audit committee of the Company comprises two independent non-executive directors, namely Mr. Wang Yongkang and Ms. Gao Chun, among whom, Ms. Gao Chun has been appointed as the chairman of the audit committee as he possesses professional accounting qualification and auditing experience.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE *(continued)*

During the year, the audit committee performed its duties and held two audit committee meetings to review and discuss the final and interim results and the financial statements. In addition, the audit committee was also engaged in, among other things, reviewing the effectiveness of the risk management system of the Group; reviewing and supervising the financial reporting process; reviewing the efficiency of the internal control systems of the Group; and reviewing and monitoring the terms of engagement, independence, effectiveness of the external auditor and providing advice there onto the Board for improvement. Additional meetings may also be held by the audit committee from time to time to discuss special projects or other issues that the audit committee considers necessary. The external auditor of the Group may request a meeting if they consider necessary.

The audit committee has reviewed and discussed the results of the Group for the year ended 31 December 2024 and the 2024 annual report.

During the year, the attendance record of the audit committee meetings is as follows:

| Name of Directors | Attendance/ Number of Meetings |
|---|---|
| Mr. Li Xudong (resigned on 28 March 2024) | 0/2 |
| Mr. Wang Yongkang | 2/2 |
| Ms. Gao Chun | 2/2 |
| Mr. Tu Xiangzhen (appointed on 7 June 2024) | 1/2 |

## AUDITOR'S REMUNERATION

The audit committee of the Company is responsible for considering the remuneration of the external auditors and reviewing any non-audit functions performed by the external auditors, including whether such non-audit functions could lead to any potential material adverse effect on the Group.

## EXTERNAL AUDITOR

Fan, Chan & Co., Certified Public Accountant, had been appointed by the shareholders as the external auditor of the Company and its subsidiaries with effect from 7 June 2025 until the conclusion of the forthcoming annual general meeting of the Company.

The annual financial statements for the financial year ended 31 December 2024 have been audited by Fan, Chan & Co..

The audit committee reviews each year a letter from the external auditors confirming their independence and objectivity and holds meetings with the external auditors to discuss the scope of their audit.

The external auditor of the Group for the year ended 31 December 2021, 31 December 2022 and 31 December 2023 was Fan, Chan & Co.

## EXTERNAL AUDITOR *(continued)*

The remuneration paid/payable to the external auditors of the Company and its subsidiaries in respect of audit services and non-audit services for the year ended 31 December 2024 is set out as follows:

| | Fees Received | |
|---|---|---|
| **Types of Services** | **For the year ended 31 December 2024 RMB'000** | For the year ended 31 December 2023 RMB'000 |
| Audit services | | |
| – Annual audit of the financial statement of the Company and its subsidiaries | **511** | 482 |
| Non-audit services | **Nil** | Nil |

## NOMINATION COMMITTEE

The Company has established the nomination committee in accordance with the Code. The nomination committee is comprised of three members, the majority of whom are independent non-executive directors. During the year under review, the nomination committee consists of the Chairman Ms. Sun Li, who is also the Chairman of the Board, and two members, namely Mr. Wang Yongkang and Ms. Gao Chun, who are independent non-executive directors.

The primary duties of the nomination committee cover the reviewing of the structure of the Board as well as combining the business model and actual needs of the Company through considering factors like the number of directors on the Board, the balance of composition of executive directors and non-executive directors, professional experience, cultural and educational background, etc., so as to enhance the diversity of the members of the Board and strengthen the independence elements. Identifying and nominating potential candidates for directorship, reviewing the nomination of directors and making recommendations to the Board on appointment and re-appointment of directors are also the duties of the nomination committee.

During the year, the attendance record of the nomination committee meetings is as follows:

| **Name of Members** | **Attendance/ Number of Meetings held** |
|---|---|
| Ms. Sun Li | 1/1 |
| Mr. Wang Yongkang | 1/1 |
| Ms. Gao Chun | 1/1 |

During the year under review, the nomination committee conscientiously performed its duties. One meeting was held to review the structure, size, diversity and composition of the Board and assessed the independence of the independent non-executive directors and the performance of the members of the Board including the members of the senior management of the Company.

## REMUNERATION COMMITTEE

The Company has established the remuneration committee in accordance with the Code. The remuneration committee is comprised of three members, the majority of whom are independent non-executive directors. During the year under review, the remuneration committee consists of the chairman Mr. Wang Yongkang, an independent non-executive director, and two members, namely Ms. Sun Li, an executive director and Ms. Gao Chun, an independent non-executive director.

The principal duties of the remuneration committee include, among other things, formulating, reviewing and making recommendations to the Board on the remuneration policy and structure of the Group, determining the remuneration packages of individual executive directors and members of senior management and making recommendations to the Board the remuneration of non-executive directors.

During the year, the attendance record of the remuneration committee meetings is as follows:

| Name of Members | Attendance/ Number of Meetings held |
|---|---|
| Mr. Wang Yongkang | 1/1 |
| Ms. Sun Li | 1/1 |
| Ms. Gao Chun | 1/1 |

During the year under review, the remuneration committee performed its duties conscientiously. Meetings were held to review the remuneration policy and structure of the Group, determine the remuneration packages of the directors and members of the senior management, assess the performance of all directors and senior management, review and approve the performance-linked remuneration by reference to the operation goals of the Group passed by the Board and make recommendations to the Board in order to ensure the Group has properly disclosed the detail of the remunerations payable to all the directors and members of senior management, whether individually or on a named basis. The remuneration committee of the Company has considered and reviewed the service contracts of the directors and is of the view that the existing terms of the service contracts are fair and reasonable.

## REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT DURING THE YEAR

| Name of Directors | 2024 Fee emoluments/ Salaries, allowances and benefits in kind RMB | 2024 Retirement benefits scheme contributions RMB | 2024 Total RMB | 2023 Fee emoluments/ Salaries, allowances and benefits in kind RMB | 2023 Retirement benefits scheme contributions RMB | 2023 Total RMB |
|---|---|---|---|---|---|---|
| *Executive Directors* | | | | | | |
| Ms. Sun Li | 356,510 | 159,793 | 516,303 | 468,870 | 151,257 | 620,127 |
| Mr. He Xin | – | – | – | – | – | – |
| *Non-Executive Directors* | | | | | | |
| Mr. Cao Aixin | 91,943 | 202 | 93,964 | 211,970 | 8,128 | 220,098 |
| Mr. Li Ximing | 40,000 | – | 40,000 | 40,000 | – | 40,000 |
| Ms. Li Xueying | | – | – | – | – | – |
| *Independent Non-Executive Directors* | | | | | | |
| Mr. Li Xudong (resigned on 27 March 2024) | 20,000 | – | 20,000 | 80,000 | – | 80,000 |
| Mr. Wang Yongkang | 80,000 | – | 80,000 | 80,000 | – | 80,000 |
| Ms. Gao Chun | 80,000 | – | 80,000 | 80,000 | – | 80,000 |
| Mr. Tu Xiangzhen (appointed on 7 June 2024) | 45,263 | – | 45,263 | - | - | - |
| *Chief Executive Officer* | | | | | | |
| Ms. Sun Li | 356,510 | 159,793 | 516,303 | 468,870 | 151,257 | 620,127 |
| *Qualified Accountant and Company Secretary* | | | | | | |
| Mr. Ng Ka Kuen Raymond | 150,000 | – | 150,000 | 150,000 | – | 150,000 |

## DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and the applicable accounting standards. The directors also ensure the timely publication of the financial statements of the Group.

The statements made by the external auditor of the Group, Fan, Chan & Co. as to its reporting responsibilities on the financial statements of the Group is set out in the Auditor's Report on pages 65 to 70 of this annual report.

The directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast a significant doubt upon the Group's ability to continue as a going concern.

## SHAREHOLDERS' RIGHTS

### Convening of extraordinary general meeting by Shareholders

Pursuant to articles 62(3) and 83 of the Articles of Association of the Company, extraordinary general meeting (the "EGM") may be convened on written requisition of any two or more shareholders of the Company (the "Shareholders") holding not less than one-tenth of the issued share capital of the Company having the right to vote (the "Requisitionist"). Such written requisition must specify the objects of the EGM and may be deposited at the head office or Hong Kong Share Registrar and Transfer Office of the Company. The Board upon receipt of the written requisition must convene an EGM as soon as possible.

In the event that the Board does not proceed duly to convene an EGM within 30 days from the date of receipt of the requisition, the Requisitionist may convene an EGM himself/herself within four months from the date of receipt of the requisition by the Board. The convening procedures should follow the procedures of the Board convening a general meeting as far as practicable.

Pursuant to article 64 of the Articles of Association of the Company, any Shareholder holding not less than 5% of the issued share of the Company having the right to vote may by written requisition propose new resolutions to be discussed at a scheduled annual general meeting. Provided that any such proposed resolution is within the scope of duties to be discussed at an general meeting, the Company shall put it in the agenda of the general meeting.

Accordingly, Shareholders who wish to propose a new resolution to be passed at any annual general meeting shall file a notice in writing to the head office or Hong Kong Share Registrar and Transfer Office of the Company for the attention of the company secretary.

### Procedure in respect of the nomination of director candidates by Shareholders

Pursuant to Article 99 of the Company's Articles of Association, if a Shareholder would like to recommend a person other than retiring directors or candidates recommended by the directors to be elected as a director in a general meeting, the Shareholder who is qualified to attend and vote in the general meeting shall sign a notice of nomination (the "Notice of Nomination") in writing and the nominated person shall sign a notice indicating his willingness to stand for the election (collectively the "Notices") and send the Notices to the head office or Hong Kong Share Registrar and Transfer Office of the Company.

The Notice of Nomination shall state the full name of the nominating Shareholder, his/her shareholding in the shares of the Company, and the full name and details of the curriculum vitae of the nominated person, including the relevant qualification and experience, as required under Rule 17.50(2) of the GEM Listing Rules.

The Notices must be submitted from date immediately the following the day of dispatch of the notice convening the general meeting on election of directors to 7 days prior to such general meeting; with a minimum period of 7 days. The Company shall propose a motion to the general meeting for considering the proposed election of the nominated person(s).

### Enquiries put to the Board

Shareholders may send written enquiries or requests in respect of their rights to the registered office, head office, principal place of business, Hong Kong Representative Office or Hong Kong Share Registrar and Transfer Office of the Company for the attention of the company secretary.

## INVESTORS RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Company has committed to maintaining a high level of transparency and employs a policy of open and timely disclosure of relevant information to its Shareholders. The Company uses its best endeavor to maintain regular communication with the Shareholders through a number of formal communication channels. In addition, the Company encourages all Shareholders to attend general meetings, which provide opportunities for direct dialogue between the Company and the Shareholders, and for Shareholders to keep informed of the Group's strategies and goals.

At the Company's annual general meeting held on 7 June 2024, some of the executive directors and independent non-executive directors of the Company were present in the meetings to attend to questions from Shareholders.

The Company updates its Shareholders on its key information, latest business developments and financial performance through its notices, announcements and circulars, as well as quarterly, interim and annual reports. The corporate website maintained by the Company at www.bioteda.com provides an effective communication platform to the public and the Shareholders.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This report involves the environmental, social and governance (the "ESG") performance of the Company and its subsidiaries (collectively referred to the "Group") in their principal place of business. It is prepared in accordance with the ESG Guide (the "Guide") issued by Hong Kong Stock Exchange. The Board is of view that an enterprise should continue to enhance its responsibilities to aspects including the environment and the society, and improve its performance of responsibility and accountability to other stakeholders. The Group will closely cooperate with various stakeholders under the corporate social responsibility strategy of "caring for employees, caring for the environment and caring for the society" so as to integrate employee's human right protection, consumer care, environmental protection and social responsibility into the core business strategy of the Group, continue to fulfil its social responsibilities to promote the harmonious development of the economy, society and the environment.

The report sets out the strategies and practices of the Group in four aspects, namely environmental protection, employment and labour practices, operation practice and community participation during the year under review, of which, the information regarding environmental protection is come from the Environmental Report of Fulilong (Shandong) Fertilisers Co., Ltd. (hereafter, "Shandong Fulilong") and Guangdong Fulilong Compound Fertilisers Co., Ltd. (hereafter, "Guangdong Fulilong"), while other information comes from the relevant documents and statistical reports of the Group as well as the summary provided by the companies under the Group in accordance with the Group's relevant systems. Shareholders, investors and the public can have a more comprehensive and profound understanding of the Group's governance and culture through this report, and we welcome parties from all circles to offer their suggestions and valuable advice relating to this report or the works of the Group regarding ESG, in which it will enable the Group to optimise continuously and further improve its work within the ESG scope.

## A. THE ENVIRONMENT

During the year under review, the Group is principally engaged in two business segments, namely manufacturing and selling biological compound fertilisers and providing elderly care and health care services. In the elderly care and health care business segment, the Group basically has no environmental pollution issue since it is principally engaged in the operation and management of elderly care and health care services. In biological compound fertiliser business segment, the business operation does not have any material impact on the environment due to the business nature of biological compound fertilisers. The subsidiaries of the Group engaged in compound fertiliser have always been focusing on environment protection, advocated energy-saving and environmentally friendly, and proactive implementation of clean production, and adhered firmly to the principles of harmonious development of safety production and environmental protection.

In light of the nature of the Group's compound fertiliser business at current stage, no large volume of hazardous wastes will be generated during the operation. While conducting energy conservation and consumption reduction by strengthening the management and improving process technology, Shandong Fulilong and Guangdong Fulilong also attaches great importance to the generation and control of pollutants. All pollutants generated during the storage and transportation processes as well as its production meet the emissions standard requirements after respective treatments and have no significant impact on external environment.

## A. THE ENVIRONMENT *(continued)*

### A1: Emissions

#### *A1.1 Category and data of emissions*

(I) Shandong Fulilong

During the year under review, exhaust gas emitted by Shandong Fulilong is mainly from production workshop, the exhaust gas generated from tower workshop and rotary drum workshop are treated with "gravity sedimentation + whirlwind dust removal" and "whirlwind dust collector + bag-type dust collector" respectively. The waste water generated by Shandong Fulilong is mainly domestic sewage which is entrusted to Shandong Changle Salcon Raw Water Company Limited (山東昌樂實康水業有限公司) for disposal. General solid waste made by Shandong Fulilong is mainly the dust collected from dust collector, waste packaging bags and domestic waste; and hazardous waste made by Shandong Fulilong is used engine oil and oily waste cloth and gloves. The existing general solid waste and hazardous waste are treated with effective comprehensive utilisation and treatment methods to achieve the comprehensive utilisation of solid waste in the whole plant.

Shandong Fulilong supervises and controls its own emission data in strict compliance with the requirements on emission volume and standards stipulated by relevant laws and regulations.

The relevant laws and regulations that it complies with mainly include: the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Law on the Prevention and Control of Air Pollution of the People's Republic of China (《中華人民共和國大氣污染防治法》), Law on the Prevention and Control of Water Pollution of the People's Republic of China (《中華人民共和國水污染防治法》) and Law on the Prevention and Control of Solid Waste Pollution of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》) and other laws and regulations.

The relevant emission standards that it follows mainly include: surface water: executes the Type V water standard of Environmental Quality Standard for Surface Water (《地表水環境質量標準》) (GB3838-2002); underground water: executes the Type III standard of Environmental Quality Standard for Groundwater (《地下水質量標準》) (GB/T14848-93); ambient air: executes the Level 2 standard of Ambient Air Quality Standards (《環境空氣質量標準》) (GB3095-1996); acoustic environment: executes the Type II standard in the "Acoustic Environmental Quality Standards" (《聲環境質量標準》) (GB3096-2008).

Waste water: executes the sewage treatment agreement standards signed with Shandong Changle Salcon Raw Water Company Limited* (山東昌樂實康水業有限公司): CODCr≤400mg/L, BOD5≤180mg/L, SS≤200mg/L, NH3-N≤20mg/L.

## A. THE ENVIRONMENT *(continued)*

### A1: Emissions *(continued)*

#### *A1.1 Category and data of emissions (continued)*

(I) Shandong Fulilong *(continued)*

Exhaust gas: exhaust gas from hot blast stoves executes Table 1 of the General Control Area Standard of the Shandong Province Regional Air Pollutant Emission Standards (《山東省區域性大氣污染物排放標準》) (DB37/2376-2019), particulates ≤20mg/$m^3$, $SO_2$≤100mg/$m^3$, NOx≤200mg/$m^3$; odour pollutant (ammonia) emissions execute Odour Pollutant Emission Standards (《惡臭污染物排放標準》) (GB14554-93) (Unorganised emissions within factory: Level 2 standard in Table 1 (New Reconstruction and Expansion), ammonia≤1.5mg/$m^3$; organised emissions of ammonia executes Table 2 standard: ammonia≤4.9kg/h).

Solid waste: dust collection by dust collectors and waste packaging bags are general solid wastes that execute the Standards for Pollution Control on General Industrial Solid Waste Storage and Disposal Sites (《一般工業固體廢物貯存、處置場污染控制標準》) (GB18599-2001) and its amended standards; used engine oil is hazardous waste that executes the Standards for Pollution Control on Hazardous Waste Storage (《危險廢物貯存污染控制標準》) (GB18597-2001) and its amended standards; as a result of low production and downgrade use internally, the local environmental protection authority has removed the Company from the list of enterprises under hazardous waste management; oily waste cloth is hazardous waste included in the List of Hazardous Waste Exempt from Management (《危險廢物豁免管理清單》) that are not managed as hazardous waste throughout the process.

Noise: executes Type 2 standards of the Environmental Noise Emission Standards for Industrial Enterprises at Factory Boundary (《工業企業廠界環境噪聲排放標準》) (GB12348-2008) (daytime: 60dB(A), night-time: 50dB(A)).

Shandong Fulilong has carried out the first round of clean production since 2012 and passed the inspection in 2014. Thereafter, the Company promoted the idea, content and meaning of "clean production" and "clean production review" as well as the laws and regulations including the "Regulations on Clean Production Review Procedures for Key Enterprises" (《重點企業清潔生產審核程序的規定》) in various ways, such as utilizing workshop blackboards and pre-shift meetings. It also convened clean production mobilization meetings in the factory regularly to organise the leaders at mid-level or above and key employees to participate in the training seminars on clean production, so that each employee could recognize the ultimate objective of clean production is "energy saving, consumption reduction, pollution reduction and efficiency improvement".

# A. THE ENVIRONMENT *(continued)*

## A1: Emissions *(continued)*

### *A1.1 Category and data of emissions (continued)*

(I) Shandong Fulilong *(continued)*

| Table of Category and Data of Emissions of Shandong Fulilong in 2024 | | | | |
|---|---|---|---|---|
| Waste category | Waste description | Pollutant output (t) | Pollutant emission volume (t) | Emission per unit product (kg/t) |
| Exhaust gas | Tower compound and mixed fertiliser dust | 13.6 | 0.68 | 0.01 |
| | Rotary drum compound and mixed fertiliser dust | 10.4 | 0.52 | 0.02 |
| | $SO_2$ | 0.417 | 0.417 | 0.0036 |
| | NOx | 0.417 | 0.417 | 0.0036 |
| | Ammonia | 0.69 | 0.69 | 0.006 |
| | Greenhouse gas ($CO_2$) | 5651.614 | 5651.614 | 49.14 |
| Waste water | Domestic sewage | 4808 | 4808 | / |
| General solid waste | Domestic waste | 52.9 | 52.9 | / |
| | Dust collection by dust collectors | 22.8 | 1.2 | 0.01 |
| | Waste packaging bags | 50 | / | / |

## A. THE ENVIRONMENT *(continued)*

### A1: Emissions *(continued)*

#### *A1.1 Category and data of emissions (continued)*

(II) Guangdong Fulilong

Guangdong Fulilong supervises and controls its own emission data in strict compliance with the requirements on emission volume and standards stipulated by relevant laws and regulations.

The relevant laws and regulations that it complies with mainly include: the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), Law on the Prevention and Control of Air Pollution of the People's Republic of China (《中華人民共和國大氣污染防治法》), Law on the Prevention and Control of Water Pollution of the People's Republic of China (《中華人民共和國水污染防治法》) and Law on the Prevention and Control of Solid Waste Pollution of the People's Republic of China (《中華人民共和國固體廢物污染環境防治法》) and other laws and regulations.

The relevant emission standards that it has complied with mainly include:

Waste water: executes the sewage treatment agreement standards signed with Shenzhen Donghong Environmental Protection Co., Ltd. (深圳市東虹環保有限公司): COD≤350 mg/L, NH3-H≤20 mg/L, SS≤250 mg/L, BOD≤200 mg/L.

Exhaust gas: crushing, sludge storage, deodorization and fermentation, mixing of mixed materials, fermentation of auxiliary materials, secondary high-temperature fermentation, fuel combustion, conveying, weighing, pelletising, melt-mixing, cooling process exhaust vent: the ammonia and hydrogen sulfide execute the table 2 emission standard value of odor pollutants of the Emission Standard for Odour Pollutants (《惡臭污染物排放標準》(GB14554-93)), and the remaining executes the second period of second stage emission limits of Emission Limits of Air Pollutants (《大氣污染物排放限值》(DB44/27-2001)) of Guangdong Province.

Exhaust gas at factory boundary: the ammonia and hydrogen sulphide execute the second stage limits in table 1 standard value of new reconstruction and expansion at factory boundary of the Emission Standard for Odour Pollutants (《惡臭污染物排放標準》(GB14554-93)), with hydrogen sulphide ≤0.06 mg/m$^3$, ammonia ≤1.5 mg/m$^3$; particulates execute the requirements of second period for monitoring concentration limits for unorganized emissions of Emission Limits of Air Pollutants (《大氣污染物排放限值》(DB44/27-2001)) of Guangdong Province with particulates ≤1.0 mg/m$^3$.

Solid waste: solid waste executes temporarily requirements General Industrial Solid Waste Storage and Disposal Site Pollution Control Standards (《一般工業固體廢物貯存、處置場污染控制標準》(GB18599-2001)) in factories.

## A. THE ENVIRONMENT *(continued)*

### A1: Emissions *(continued)*

#### *A1.1 Category and data of emissions (continued)*

(II) Guangdong Fulilong *(continued)*

Noise: executes Type 3 standards of Factory Environmental Noise Emission Standards for Industrial Enterprises Boundary (《工業企業廠界環境噪聲排放標準》(GB12348-2008)), daytime: ≤65dB(A), night-time: ≤55dB (A).

**Emissions Category and Emissions Data Table of Guangdong Fulilong in 2024**

| Waste category | Waste description | Pollutant output (t) | Pollutant emission volume (t) | Emission per unit product |
|---|---|---|---|---|
| Waste water | Domestic sewage | 8137.152 | 6509.722 | 17,964.8 kg/head/year |
| | CODcr | 1.6128 | 1.2902 | 2.88 kg/head/year |
| | BOD5 | 0.9792 | 0.7834 | 2.088 kg/head/year |
| | SS | 0.9792 | 0.7834 | 2.088 kg/head/year |
| | $NH_3$-N | 0.1627 | 0.1302 | 0.3528 kg/head/year |
| | Animal and vegetable oil | 0.1017 | 0.0813 | 0.2232 kg/head/year |
| Exhaust gas | Dust | 97.488 | 77.9904 | 0.0161 kg/t |
| | Ammonia | 0.7056 | 0.5645 | 0.00005 kg/t |
| | Hydrogen sulphide | 0.0576 | 0.0461 | 0.0000112 kg/t |
| | Sulfur dioxide | 0.0374 | 0.0230 | 0.0002 kg/t |
| | NOx | 0.2377 | 0.1901 | 0.0001 kg/t |
| | Soot dust | 0.0905 | 0.0724 | 0.0000768 kg/t |
| | Greenhouse gas ($CO_2$) | 101450.9 | 81160.7 | 61.9373 kg/t |
| Solid waste | Domestic waste | 2 | 0 | 108 kg/head/year |
| | Dust collection by dust collectors | 441.216 | 0 | 0 |
| | Waste packaging bags | 297.2 | 0 | 0 |

1. Domestic waste includes waste papers, cleaning cloth, gloves and other supplies used in the production process;
2. Waste packaging bags are recycled by recycling companies.

## A. THE ENVIRONMENT *(continued)*

### A1: Emissions *(continued)*

#### *A1.2 Emission of greenhouse gas*

(I) Shandong Fulilong

Shandong Fulilong's emission sources of greenhouse gas mainly include fuel combustion emission, industrial production process emission, CO2 recycling, CO2 emission and other greenhouse gas emissions caused by net-purchased electricity and heat consumption. According to Shandong Fulilong's actual situation, the emission sources of greenhouse gas are mainly gas-powered hot blast stoves and CO2 emissions caused by net-purchased electricity and heat consumption.

① The greenhouse gas emissions from fuel combustion are:

$$E_{CO_2\text{-combustion}} = 25.5042 \text{ x } (337.5\text{x } 15.30 \text{ x } 10\text{-}3) \text{ x } 99\% \text{ x } \frac{44}{12} = 478.061\text{t}$$

② The greenhouse gas emissions from net-purchased electricity consumption are:

$$E_{CO_2\text{-net purchased electricity}} = (77.086+ 61.738+1.353+6.824) \text{ x } 10^4 \text{ x}0.6410 \text{ x } 10^{-3} = 942.276\text{t}$$

③ The greenhouse gas emissions from net-purchased heat consumption are:

$$E_{CO_2\text{-net purchased heat}} = (12213 + 1{,}673.7) \text{ x } 2.77 \text{ x } 0.11 = 4231.277\text{t}$$

According to Shandong Fulilong's actual production situation, Shandong Fulilong's greenhouse gas emission is carbon dioxide (CO2) emission, and the sources of emissions are mainly gas-powered hot blast stoves and net-purchased electricity and heat consumption. After comparing and referring to the reference materials, the calculated greenhouse gas emission in 2024 was 5,651.614 tons and the product output in 2024 was 115,000 tons, which is equivalent to 49.14kg CO2/t product of greenhouse gas emissions per unit product.

## A. THE ENVIRONMENT *(continued)*

### A1: Emissions *(continued)*

#### *A1.2 Emission of greenhouse gas (continued)*

(II) Guangdong Fulilong

Guangdong Fulilong's emission sources of greenhouse gas mainly include fuel combustion emission, industrial production process emission, CO2 emission and other greenhouse gas emissions caused by net-purchased electricity and heat consumption.

① The emissions from net-purchased electricity consumption are:

$$E_{CO_2\text{-net purchased electricity}} = 682.5 \times 10^4 \times \frac{0.8959 + 0.3648}{2} \times 10^{-3} = 4{,}302.14t$$

② The emissions from net-purchased heat consumption are:

$$E_{CO_2\text{-net purchased heat}} = 98{,}280 \times 2.79 \times 0.11 = 30{,}162.132t$$

③ The emissions from fuel combustion are:

$$E_{CO_2\text{-combustion}} = 65.52 \times 389.31 \times 0.0153 \times 99 \times \frac{44}{12} = 141{,}666.616t$$

According to Guangdong Fulilong's actual production situation, Guangdong Fulilong's greenhouse gas emission is carbon dioxide (CO2) emission, and the sources of emissions are mainly consumption of net purchased electricity and heat. After comparing and referring to the reference materials, the calculated greenhouse gas emission of Guangdong Fulilong in 2024 was 139,356.27 tons and the product output of Guangdong Fulilong in 2024 was 1.296 million tons, which is equivalent to 77.4216kg CO2/t product of greenhouse gas emissions per unit product.

## A. THE ENVIRONMENT *(continued)*

### A1: Emissions *(continued)*

#### *A1.3 Hazardous wastes*

(I) Shandong Fulilong

The main hazardous wastes are used engine oil and oily waste cloth and gloves.

Oily cloth and labour protection gears abandoned according to the List of Hazardous Waste Exempt from Management are not managed as hazardous waste throughout the process.

As the hazardous waste (i.e. used engine oil) has low production and can be used as equipment corrosion protection internally on a down-grading basis, the local environmental protection authority has removed Shandong Fulilong from the list of enterprises under hazardous waste management. In order to properly manage and prevent hazardous waste that is not used up from polluting the environment, Shandong Fulilong actively signed the hazardous waste disposal agreement as a backup.

(II) Guangdong Fulilong

There was no hazardous waste generated in the operation process of Guangdong Fulilong.

#### *A1.4 Non-hazardous wastes*

(I) Shandong Fulilong

The non-hazardous wastes generated by Shandong Fulilong are shown in the table below:

| Pollutant | | Annual output (t) | Annual emission volume (t) |
|---|---|---|---|
| Exhaust gas | Tower compound and mixed fertiliser dust | 13.6 | 0.68 |
| | Rotary drum compound and mixed fertiliser dust | 10.4 | 0.52 |
| | Greenhouse gas ($CO_2$) | 5651.614 | 5651.614 |
| | Ammonia | 0.69 | 0.69 |
| Waste water | Domestic sewage | 4808 | 4808 |
| General solid waste | Domestic waste | 52.9 | 0 |
| | Dust collection by dust collectors | 22.8 | 1.2 |
| | Waste packaging bags | 50 | 0 |

# A. THE ENVIRONMENT *(continued)*

## A1: Emissions *(continued)*

### *A1.4 Non-hazardous wastes (continued)*

(II) Guangdong Fulilong

The non-hazardous wastes generated by Guangdong Fulilong are shown in the table below:

| Pollutant | | Annual output (t) | Annual emission volume (t) |
|---|---|---|---|
| Exhaust gas | Dust | 97.488 | 77.9904 |
| | Greenhouse gas ($CO_2$) | 101450.9 | 81160.7 |
| | Ammonia | 0.7056 | 0.56448 |
| Waste water | Domestic sewage | 8137.152 | 6509.722 |
| General solid waste | Domestic waste | 2 | 2 |
| | Dust collection by dust collectors | 441.216 | 0 |
| | Waste packaging bags | 297.2 | 0 |

### *A1.5 Measures to reduce emissions*

(I) Shandong Fulilong

Please refer to A1.1 for details of the emission targets set by Shandong Fulilong and the procedures taken for achieving these targets.

(II) Guangdong Fulilong

Please refer to A1.1 for details of the emission targets set by Guangdong Fulilong. The procedures taken for achieving these targets are shown in the table below:

| Environmental management | | | Effect |
|---|---|---|---|
| Pollution prevention | Exhaust gas | Gravity sedimentation chamber | Meeting the emissions standard |
| | | Bag dust removal + washing tower + activated carbon adsorption | Meeting the emissions standard |
| | Waste water | / | / |
| | Noise | Mechanical acoustic enclosure, construction of sound insulation room and other noise control | Reducing noise pollution |
| | Solid waste | Dust | Reusing for production after collection |
| | | Raw materials sludge of acid spray tower | Reusing for production after collection and being naturally dried |
| | | Scum of raw materials | Reusing for production after collection |
| | | Waste packaging | Recycling by waste collection station regularly after collection |
| | | Domestic waste | Processing by environmental sanitation department after collection |
| | | Calcium carbonate powder after moisture absorption | Selling to a professional company for recycling after collection |

## A. THE ENVIRONMENT *(continued)*

### A1: Emissions *(continued)*

#### *A1.6 Waste treatment and waste reduction measures*

(I) Shandong Fulilong

Please refer to A1.1 for details on Shandong Fulilong's methods in handling hazardous and non-hazardous wastes, the established waste reduction targets and the procedures taken to achieve these goals.

(II) Guangdong Fulilong

Please refer to A1.1 and A1.5 for details on Guangdong Fulilong's methods in handling hazardous and non-hazardous wastes, the established waste reduction targets and the procedures taken to achieve these goals.

### A2: Use of Resources

#### *A2.1 Energy consumption*

(I) Shandong Fulilong

Shandong Fulilong's main energy consumption is electricity, steam and natural gas. In 2024, steam was provided by Changle Golden Age Thermoelectricity Power Co., Ltd. Natural gas is used in hot blast stoves. Please see the table below for details:

| Auxiliary materials generation unit | Main energy | Annual consumption (t) | Per unit product consumption (kg/t) |
|---|---|---|---|
| Tower workshop | Electricity | 770860kWh | 11.34kWh/t |
| | Steam from external purchase | 12213m$^2$ | 0.18kg/t |
| Rotary drum workshop | Electricity | 617380kWh | 23.75kWh/t |
| | Steam from external purchase | 1673.7t | 0.064kg |
| | Natural gas | 255042m$^3$ | 9.8m$^3$/t |
| Doped Fertilizer Workshop | Electricity | 13530kwh | 0.64kw/t |
| Domestic and office space | Electricity | 68240kWh | 0.59kw |

## A. THE ENVIRONMENT *(continued)*

### A2: Use of Resources *(continued)*

#### *A2.1 Energy consumption (continued)*

(II) Guangdong Fulilong

The main energy required for production in Guangdong Fulilong is water, electricity, steam and natural gas, and the steam was purchased from Guangdong Lvzhou Fertiliser Industry Company Limited.

| Main energy | Auxiliary materials generation unit | Annual consumption | Per unit product consumption |
|---|---|---|---|
| Water | Office space and domestic | 90417.6 tons | 30.096 t/head/year |
| Water | Water for production | 24377 tons | 13.4784 kg/t/product |
| Electricity | Office space, production and domestic | 3.92832 million kWh | 13104 kWh/head/year |
| Steam | Production | 56609.28 tons | 31.4496 kg/t |
| Natural gas | Fuel of hot drying oven | 43.92 $m^3$ | 0.2088 $m^3$/t |

Note: The per unit product consumption of domestic and office space is calculated based on per capita consumption, and the water used for domestic and office space includes water for greening and dust suppression.

#### *A2.2 Water consumption*

(I) Shandong Fulilong

Shandong Fulilong's main water consumption comes from domestic and office space. During the reporting period, the total water consumption was 6,100 $m^3$.

(II) Guangdong Fulilong

| Main energy | Auxiliary materials generation unit | Annual consumption | Per unit product consumption |
|---|---|---|---|
| Water | Office space and domestic | 90417.6 tons | 30.096 t/head/year |
| Water | Water for production | 24377.04 tons | 13.4784 kg/t/product |

Note: The per unit product consumption of domestic and office space is calculated based on per capita consumption, and the water used for domestic and office space includes water for greening and dust suppression.

## A. THE ENVIRONMENT *(continued)*

### A2: Use of Resources *(continued)*

#### *A2.3 Energy efficiency goals and measures taken*

(I) Shandong Fulilong

| Title of scheme | Investment (In RMB0,000) | Implementation effect: Environmental effect | Implementation effect: Economic effect |
|---|---|---|---|
| Automatic Palletizer | 35.56 | No significant environmental benefit | Reduce labor costs |
| Powder flow cooling | 62.15 | Change from wind cooling to powder flow cooling to reduce the packaging temperature | Reduce labor costs |

(II) Guangdong Fulilong

| Title of scheme | Scheme introduction | Investment (In RMB0'000) | Implementation effect: Environmental effect | Implementation effect: Economic effect |
|---|---|---|---|---|
| Bag dust removal + washing tower + activated carbon adsorption + washing tower | Repair and maintenance of exhaust, tower wall and other facilities | 6.82 | Effectively reduce the emission of particulates and ammonia, reduce solid waste generation | Save steam and fees and expenses |
| | Place a new dust removal equipment and replace the bag of old equipment | 5.36 | Better dust collection, block dust, so that the filtered gas is more purified | Recycle more dust for production to save cost |
| | Regular repair and maintenance of washing tower and activated carbon adsorption | 2.5 | Repair and maintenance may avoid malfunction of bag dust removal + washing tower + activated carbon adsorption + washing tower and reduce environmental pollution caused by malfunction | Recycle more dust for production to save cost |
| Electricity saving reformation | Inspection, repair and maintenance of energy-saving lamps and other environmentally-friendly and energy-saving lighting equipment | 0.316 | Energy-conservation and consumption-reduction | Save electricity, energy and relevant expenses |

## A. THE ENVIRONMENT *(continued)*

### A2: Use of Resources *(continued)*

#### *A2.4 Water efficiency targets and measures adopted*

The business operation of the Group does not involve using large volume of water, and the consumption of water resources is only generated by domestic and office use. Therefore, the data is not presented in this report.

#### *A2.5 Packaging materials*

(I) Shandong Fulilong

During the reporting period, the packaging materials used by Shandong Fulilong's finished products are as follows:

| Auxiliary materials generation unit | Major raw and auxiliary materials | Annual consumption (t) | Per unit product consumption (kg/t) |
|---|---|---|---|
| Tower workshop | Packaging bags | 1,564,000 pieces | 23 pieces/t |
| Rotary drum workshop | Packaging bags | 598,000 pieces | 23 pieces/t |
| Doped Fertilizer Workshop | Packaging bags | 546,000 pieces | 26 pieces/t |

(II) Guangdong Fulilong

During the reporting period, the packaging materials used by Guangdong Fulilong's finished products are as follows:

| Major raw and auxiliary materials and energy | Product | Annual consumption |
|---|---|---|
| Packaging bags | Product packaging | 2,972,000 pieces |

## A. THE ENVIRONMENT *(continued)*

### A3: Environment and Natural Resources

*(I) Shandong Fulilong*

Shandong Fulilong has all along been committed to the development of fertiliser industry, and it is in strict compliance with the "Clean Production Promotion Law of the People's Republic of China", and advocates energy-saving, environmentally-friendly, and proactive implementation of clean production, and adheres firmly to the principles of harmonious development of safety production and environmental protection. While constantly improving the equipment healthy standard, it will increase its efforts in pollution control, energy conservation and emission reduction. At the same time, the company will further strengthen operation management, enhance the operation standard of operators and strengthen equipment management to ensure reliable operation of equipment and the standard and stable operation of pollutants control facilities and strive for achieving a social development with blue sky and clear water.

Shandong Fulilong's management attaches great importance to environmental protection, actively participates in various special trainings and conferences, and conducts environmental protection education to employees from time to time to popularize the environmental protection knowledge. The company's environmental technicians participate in training classes on environmental facilities, and can only take up job position after obtaining the management qualification for environmental facilities, and shall attend internal training on a regular basis.

*(II) Guangdong Fulilong*

Guangdong Fulilong has a relatively comprehensive environmental management system, a sound internal environmental management system, complete daily environmental management work, and timely inspection of the environments of production, storage, office and other work areas. It implements the whole-process environmental management during the entire production process to prevent environmental pollution issue from happening during the production process.

In 2023, Guangdong Fulilong's production lines were mainly equipped with the granulation method with high tower and stirring fermentation method. The production process of compound fertilisers under the granulation method with high tower had no water introduction and drying process, and thus saving energy consumption as well as creating a good operating environment in a clean production process. The stirring fermentation production device had characteristics of high degree of automation, high technical content and stable product quality, and thus reducing consumption of raw materials and energy, and the amount of pollutants produced is controlled strictly for the sake of meeting clean production. In general, all the Guangdong Fulilong's production lines have reached the international advanced standard of clean production.

# A. THE ENVIRONMENT *(continued)*

## A3: Environment and Natural Resources *(continued)*

### *(II) Guangdong Fulilong (continued)*

Guangdong Fulilong attaches great importance to environmental management training, and regularly dispatches personnel to participate in training on corporate environmental credit evaluation, hazardous chemical management technology business, hazardous waste management technology business and environmental emergency management, so as to keep abreast of new national environmental protection policies, regulations and technologies standardization in a timely manner, and improve the Guangdong Fulilong's comprehensive environmental protection management capabilities.

## A4: Climate change

As the pollution is getting more and more serious, extreme weather phenomena will occur frequently and the frequency will increase significantly. Extreme climates include droughts, floods, high temperature, heat wave, and low temperature damages. After such an extreme situation occurs, individuals, companies and countries should take timely actions to respond. Extreme climate changes will have a serious impact on agricultural products, which in turn may cause slight impact on the Company's compound fertiliser business. The Company will promptly adjust its product structure and production volume according to market conditions.

# B. SOCIETY

## EMPLOYMENT AND LABOUR PRACTICES

### *B1: EMPLOYMENT*

The Group is committed to creating a sound working environment for its employees and attaches importance to human resource works. It firmly believes that the realisation and improvement of employee value would benefit the Group in accomplishing its overall objectives. The Group highly recognises the contributions of employees for the growth of results of the Group, and offers skill training, career planning and development opportunities for employees, so as to provide them with humanistic care and develop a platform for employees to grow together and share the results with the Group.

The employee working hours of the Group are in compliance with the relevant requirements of the Labour Law of the PRC and Labour Contract Law of the PRC, it implements a system of 40 working hours per week, while production workers work and take rest on shifts. Employees are also entitled to rest days and statutory holidays as set forth by Labour Law.

The Group considers the necessity of maintaining reasonable personnel structure and talents reserve in terms of its existing business and development perspectives, set qualifications and standards for different positions as the standards for recruitment. The recruitment channels of the Group include recruitment in schools, social recruitment and internal recommendation. Every applicant shall fulfil the educational background and professional skills requirements, and pass the corresponding interview. The Group upholds the principle of equality pay for equal work, also adheres to the concept of equality, voluntarily and consensus, and entered into written labour service contract with all employees. The employee remuneration of the Group is determined by reference to local market standard and his/her ability, qualifications and experience. Discretionary incentives would be granted according to individual performance during the year as a motivation for employees who made contributions to the Group. It also pays the pension insurance, medical insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund for employees according to government regulations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIETY *(continued)*

### EMPLOYMENT AND LABOUR PRACTICES *(continued)*

#### *B1: EMPLOYMENT (continued)*

B1.1 Total number of employees

| Employee category | Headquarters | | Guangdong Fulilong | | Shandong Fulilong | | Shanghai Muling | | Total | Percentage |
|---|---|---|---|---|---|---|---|---|---|---|
| | Number of employees | Percentage | Number of employees | Percentage | Number of employees | Percentage | Number of employees | Percentage | | |
| Contract employees | 5 | 56% | 108 | 100% | 124 | 90% | 5 | 100% | 242 | 93% |
| Employees under the labour system | 4 | 44% | 0 | 0 | 14 | 10% | 0 | 0 | 18 | 7% |
| Total | 9 | 100% | 108 | 100% | 138 | 100% | 5 | 100% | 260 | 100% |

| Total number of employees in the Group by gender in 2024 (Contract employees) | | | | | |
|---|---|---|---|---|---|
| Department | | The Group | | | Total |
| | | Male | Female | Total | |
| Persons in charge of companies | | 4 | 1 | 5 | 5 |
| Office & Finance | Persons in charge of departments | 3 | 3 | 6 | 41 |
| | Staff | 15 | 20 | 35 | |
| Procurement & Storage | Persons in charge of departments | 3 | 1 | 4 | 38 |
| | Staff | 26 | 8 | 34 | |
| Quality management & Technology | Persons in charge of departments | 0 | 2 | 2 | 5 |
| | Staff | 0 | 3 | 3 | |
| Marketing & Market | Persons in charge of departments | 2 | 0 | 2 | 50 |
| | Staff | 44 | 4 | 48 | |
| Production & Engineering | Persons in charge of departments | 6 | 0 | 6 | 103 |
| | Staff | 91 | 6 | 97 | |
| Total | Persons in charge of companies | 4 | 1 | 5 | 242 |
| | Persons in charge of departments | 15 | 5 | 20 | |
| | Staff | 176 | 41 | 217 | |
| Total | | 195 | 47 | 242 | |
| Percentage | | 80.6% | 19.4% | 100% | |

## B. SOCIETY *(continued)*

### EMPLOYMENT AND LABOUR PRACTICES *(continued)*

#### *B1: EMPLOYMENT (continued)*

B1.1 Total number of employees *(continued)*

Number of employees of the Group by age in 2024 (Contract employees)

| Department | | Aged 25 and below | Aged 26-35 | Aged 36-45 | Aged 46-55 | Aged 55 and above | Total | Total |
|---|---|---|---|---|---|---|---|---|
| | | The Group | | | | | | |
| Persons in charge of companies | | 0 | 0 | 1 | 2 | 2 | 5 | 5 |
| Office & Finance | Persons in charge of departments | 0 | 2 | 2 | 1 | 1 | 6 | 41 |
| | Staff | 4 | 8 | 6 | 14 | 3 | 35 | |
| Procurement & Storage | Persons in charge of departments | 0 | 1 | 3 | 0 | 0 | 4 | 38 |
| | Staff | 1 | 5 | 14 | 14 | 0 | 34 | |
| Quality management & Technology | Persons in charge of departments | 0 | 1 | 1 | 0 | 0 | 2 | 5 |
| | Staff | 0 | 2 | 0 | 1 | 0 | 3 | |
| Marketing & Market | Persons in charge of departments | 0 | 0 | 0 | 2 | 0 | 2 | 50 |
| | Staff | 0 | 19 | 12 | 17 | 0 | 48 | |
| Production & Engineering | Persons in charge of departments | 0 | 1 | 1 | 2 | 2 | 6 | 103 |
| | Staff | 1 | 13 | 31 | 48 | 4 | 97 | |
| Total | Persons in charge of companies | 0 | 0 | 1 | 2 | 2 | 5 | 242 |
| | Persons in charge of departments | 0 | 5 | 7 | 5 | 3 | 20 | |
| | Staff | 6 | 47 | 63 | 94 | 7 | 217 | |
| Total | | 6 | 52 | 71 | 101 | 12 | 242 | |
| Percentage | | 2.5% | 21.5% | 29.3% | 41.7% | 5.0% | 100% | |

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## B. SOCIETY *(continued)*

### EMPLOYMENT AND LABOUR PRACTICES *(continued)*

#### *B1: EMPLOYMENT (continued)*

B1.2 Employee turnover rate

| Department | Headquarters | | Guangdong Fulilong | | Shandong Fulilong | | Shanghai Muling | | Total | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Increased by | Decreased by | Increased by | Decreased by | Increased by | Decreased by | Increased by | Decreased by | Increased by | Decreased by | Increased by | Decreased by |
| Office & Finance | 0 | 2 | 1 | 1 | 1 | 0 | 2 | 0 | 4 | 3 | 5 | 5 |
| Procurement & Storage | 0 | 0 | 2 | 2 | 3 | 5 | 0 | 0 | 5 | 7 | 3 | 5 |
| Quality management & Technology | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Marketing & Market | 0 | 0 | 1 | 0 | 3 | 4 | 0 | 0 | 4 | 4 | 4 | 3 |
| Production & Engineering | 0 | 0 | 21 | 2 | 10 | 9 | 0 | 0 | 31 | 11 | 13 | 17 |
| Total | 0 | 2 | 25 | 5 | 17 | 18 | 2 | 0 | 44 | 25 | 25 | 31 |
| Turnover rate | 0.0% | 0.8% | 10.3% | 2.1% | 7.0% | 7.4% | 0.8% | 0.0% | 18.2% | 10.3% | 10.1% | 12.5% |

| Employee turnover rate of the Group by age and gender in 2024 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Company Name | Analysis of department turnover | | Total | Analysis of department turnover | | | | | Total |
| Item | (Male) | (Female) | | ≤25 | 26~35 | 36~45 | 46~55 | >55 | |
| Headquarters | 0 | 2 | 2 | 0 | 0 | 0 | 1 | 1 | 2 |
| Guangdong Fulilong | 5 | 0 | 5 | 0 | 0 | 2 | 0 | 3 | 5 |
| Shandong Fulilong | 17 | 1 | 18 | 0 | 2 | 4 | 8 | 4 | 18 |
| Shanghai Muling | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 22 | 3 | 25 | 0 | 2 | 6 | 9 | 8 | 25 |
| Employee turnover rate | 9.1% | 1.2% | 10.3% | 0% | 0.8% | 2.5% | 3.7% | 3.3% | 10.3% |

## B. SOCIETY *(continued)*

### EMPLOYMENT AND LABOUR PRACTICES *(continued)*

*B2: Health and Safety*

The Group attaches importance to the occupational health and safety of employees, continues to conduct occupational safety training and enhances employee's consciousness on self-safety and self-protection. It conducts periodic identification on sources of danger and environmental factors to control dangerous factors, improves the safety of employees' working environment and prevents the occurrence of occupational diseases, endeavours to provide employees with a safe, healthy and secured working environment.

B2.1 Number and proportion of work-related deaths

| Proportion of work-related injury leave and number of work-related deaths | | | |
|---|---|---|---|
| Year | Number of work-related injuries (person) | Number of work-related injury leave (day) | Number of work-related deaths (person) |
| 2022 | 0 | 0 | 0 |
| 2023 | 0 | 0 | 0 |
| 2024 | 0 | 0 | 0 |
| Proportion | N/A | N/A | 0% |

B2.2 Number of work days lost due to work-related injuries

Please see B2.1 for details.

B2.3 Occupational Safety and Safety Measures

All the production workshops in the Group provide labour protection gears for production workers to minimise hazards on employee health to the greatest extent. Meanwhile, the Group organizes irregular drills such as fire safety inspection, self-rescue and escapes each year, it also strengthens the training on employees on operation strictly according to production procedures, so as to enhance the safety consciousness and self-protection abilities, and avoid chances of accidents on employees during works. The Group organises irregular physical examinations for employees, endeavours to improve employee working environment and facilities, and strives to provide all employees a warm and comfort working environment and safe production environment. Moreover, the Group has its own canteen in its working place, which provides many varieties of nutritious and diversity healthy meals every day. It also provides night shift workers extra meal supplement.

## B. SOCIETY *(continued)*

### EMPLOYMENT AND LABOUR PRACTICES *(continued)*

*B3: Development and Training*

The Group values and respects talents, and selects and recruits talents in compliance with the normative and sound system to stimulate talents' growth potentials. We believe that employees will keep on growing along with the business expansion of the Group. The Group provides employees with targeted, systematic, prospective, multi-layered and multiform trainings, for example, trainings of corporate cultures, guidelines and goals, safety production and mandatory pre-employment trainings for new staff; and also provides different aspects of trainings for on-job staff covering management, quality standards, skills and expansion, which will fully explore employees' potentialities to assist the sustainable development of the Group's business. During the year under review, through different forms of internal and external trainings, total training hours in the Group were 555.75 hours with 168 employee attendance in total at all levels. The training content mainly includes system, skills, safety and other special trainings. With the continuous development of the Group, to ensure the constant improvement of team qualities, the Group will increase employees' training opportunities, and keeps on reviewing, inspecting and improving training programmes in meeting the development requirements of the business operation and our employees.

B3.1 Employee training ratio

| Training statistics categorised by employee category in 2024 | | | | | |
|---|---|---|---|---|---|
| Department | Training headcount (person) | Total training hours (hour) | Number of employees of the Company | Average training hours (hour/person) | Proportion of trainees |
| Persons in charge of companies | 2 | 20 | 5 | 4 | 40% |
| Persons in charge of departments | 44 | 88 | 19 | 2 | 100% |
| General Staff | 894 | 1788 | 218 | 8.2 | 100% |
| Total | 940 | 1896 | 242 | 7.83 | |

| Training statistics categorised by gender in 2024 | | | | | |
|---|---|---|---|---|---|
| Category | Training headcount (person) | Total training hours (hour) | Number of employees of the Group | Average training hours (hour/person) | Proportion of trainees |
| Male staff | 813 | 1626 | 194 | 8.38 | 100% |
| Female staff | 127 | 270 | 48 | 5.63 | 100% |
| Total | 940 | 1896 | 242 | 7.83 | |

B3.2 Average Training Hours

Please refer to B3.1 for details on the average training hours completed by each employee categorised by gender and category.

## B. SOCIETY *(continued)*

### EMPLOYMENT AND LABOUR PRACTICES *(continued)*

*B4: Labour Standards*

Being fully aware that exploitation of child and forced labour violates the PRC labor law, the Group strictly prohibits the employment of any child labour and forced labour in any form. New employees are required to provide true and accurate personal data when they are on board. Recruiters should strictly review the entry documents including personal date such as medical examination certificates, academic certificates and identity cards.

The Group offers job opportunities, remuneration, education, performance assessment and promotion based on the principle of fairness. It never discriminates any employee on grounds of gender, age, nationality, religion, culture and educational background, and strives to provide an equal development platform for all employees, protect the various lawful rights and interests of employees and creates a harmonious working environment. The Group strictly complies with the relevant government laws and regulations, all our businesses will not engage any child labour or forced labour. During the reporting period, there was no circumstance of breaching of related laws and regulations occurred in the Group.

### OPERATION PRACTICE

*B5: Supply Chain Management*

The Group strives to provide clients and consumers with quality and safe products, and has gained good brand reputation and market credibility over the years. The Group places great emphasis on supply chain management from raw material procurements to finished goods production, and delivers products to customers and consumers through sales channels. We ensure the entire process is in strict compliance with the operating rules of the Company and legally operated to eradicate any behaviour of corruption, bribery, fraud or dishonesty in a bid to strengthen our integrity.

Facing the fierce market competition, the Group strengthens its management on procurement, production, circulation and consumption segments from the supply chain perspective, and regards division and coordination as its main forms to achieve high-efficient operation efficiency in logistics, cash flow and information flow.

At present, the Group mainly adopts push-forward supply chain management model during its production phase, which means we consider various factors in a whole and organise production with reference to the forecast of market supply and demand to ensure the final strategic decision is within a certain assured range; we adopt driven-oriented supply chain management model during the sales stage, which means we organise the production and delivery of products according to orders and demand from market and customers.

To ensure the supply quality of all raw materials, auxiliary materials and packaging materials, the Group conducts standardised management of material procurement and perfects its management system. The quality control department of the Group is responsible for monitoring and evaluating the supply quality from suppliers in the long term. If any significant changes in supplier qualification or serious quality problems are discovered, the Group will immediately cease the supply from them and arrange returns for materials with quality problems.

The number of suppliers by region is approximately 153 in total.

| Region | Northeast | North China | East China | South China | Central China | Southwest | Northwest |
|---|---|---|---|---|---|---|---|
| Number | 1 | 6 | 133 | 6 | 5 | 1 | 1 |

## B. SOCIETY *(continued)*

### OPERATION PRACTICE *(continued)*

#### *B6: Product Liability*

(I) Biological compound fertiliser

The Group has all along been placing great emphasis on product safety for a long period of time. The Group is in strict compliance with the relevant state laws and regulations on product safety and advertisement publicity, including but not limited to Product Quality Law of the People's Republic of China, Metrology Law of the People's Republic of China, Advertising Law of the People's Republic of China and PRC Law on the Protection of Consumer Rights.

To ensure the interests of the distributors and users, the Company has formulated rules and regulations such as Consumer Data Protection and Privacy Policy, Non-conforming Product Management System, Product Inspection Regulations and Return Process etc. These would expose the Company to certain economic losses but can guarantee the interests of dealers and users to a maximum extent.

According to the above-mentioned documents, the Company has not received any complaints for its products and services in 2024, and in terms of the products sold or shipped, there was no case of recall due to safety and health reasons.

(II) Elderly care and health care business

During the year under review, for the Group's healthy pension business, Shanghai Muling, a subsidiary of the Company, is a management institution on elderly care services designed specifically for seniors with complete or partial disability or dementia in mainland China. Its standardised projects for elderly day care services was awarded by Shanghai Quality and Technical Supervision Bureau (上海市質量技術監督局) as the "First Batch of Standardised Pilot Projects on Social Management and Public Services in Shanghai in 2014 (《2014年第一批上海市社會管理和公共服務標準化試點項目》), and it became one of the fourth batch of comprehensive standardised pilot projects on social management and public services in China in 2017. Shanghai Muling is a "Supervisory and Advisory Organisation on Elderly Care Service Management" (養老服務管理督導與諮詢機構) designated by Shanghai Civil Affairs Bureau, and is qualified to rate other elderly care organisations in Shanghai. Various publications written by Shanghai Muling, including"Quality Control Manual for Elderly Care Service Organisation" (ISO9001 Quality Management Systems for Elderly Care Organisations) (《養老服務機構質量管理手冊》(養老機構ISO9001質量管理體系)), "Practical Manual for Management of Elderly Care Organisations in Pudong New Area" (《浦東新區養老機構管理實用手冊》), "Practical Manual form Management of Elderly Day Care Centres in Pudong New Area" (《浦東新區老年人日間照護中心管理實用手冊》) and "Training Materials for Superintendents of Elderly Care Organisations" (《養老機構院長培訓教材》) were promoted as materials for vocational and technical training in elderly care industry and became industry norms of elderly care services in Shanghai and surrounding areas.

## B. SOCIETY *(continued)*

### OPERATION PRACTICE *(continued)*

*B7: Anti-Corruption*

In strict compliance with national laws and regulations and relevant policies of the Group, the Group requires its employees abstaining from misconducts such as offering or accepting bribery and corruption in any circumstance. Any suspected criminal offence will be promptly whistle-blown and reported to relevant authorities. During the period under review, no lawsuit related to corruption against the Company and its employees were filed and concluded.

The Group continues to improve its internal audit rules and regulations with an aim to strengthen internal supervision, risk management and anti-corruption management. An internal audit department has been established in the Company to oversee internal audit monitoring and internal control system building of the Group. To reduce operation and investment risks, the audit committee of the Board of the Company is also in place to exercise effective monitoring over the issues of the Group including financial incomes and expenses, budgets, final accounts, asset quality, and major technological research and development as well as infrastructure projects and other internal investments. The Group formulated the Risk Management and Internal Control System, and manages and controls all kinds of risks in the Group comprehensively, restrains any illegal operation behaviours such as bribery, fraud and corruption, which promotes the Group to run business according to laws.

*B8: Community investment*

For social public well-being and interests, the Group always remains committed to mission and vision of “enthusiastic in public welfare, repaying the society”, and actively performs enterprise social responsibility and supports social public welfare. The management of the Company considers that it is not only an obligation for enterprises to engage in social welfare activities, but also an essential condition for the growth and development path of enterprises.

## B. SOCIETY *(continued)*

### OPERATION PRACTICE *(continued)*

#### *B8: Community investment (continued)*

For a long period of time, with the effective integration of its business development with social responsibility, the Group extends active presence in public welfare activities under the motto of "Be Kind to the Society". In recent years, the Group extends active presence in poverty relief and develops charitable activities to help the disadvantaged in the society, organises a string of activities such as "Donate our Love", through which we try our best to extend our helping hands and show our cares for the special needs, poverty-stricken regions, thereby repay the society with practical actions. Ms. Sun Li, the Chairman of the Board of the Company, is a member of the charity, Alxa SEE Ecological Association (Alxa SEE) and the Company became a member unit of Alxa SEE. Alxa SEE is the first social group in the PRC with social responsibility as its commitment, entrepreneurs as its main body and environmental protection as its objective. The Company will make more contribution to the environmental protection in the PRC via this platform. Serving as the deputy secretary of the Bohai Project Centre of Alxa SEE Ecological Association, Ms. Sun will, on behalf of the Company, strive to protect the coastal wetland of Bohai Rim, promote the improvement of corporate pollution and support newly-established environmental protection organisations. The Company has signed up to Business for Nature ("BfN")'s Call to Action of "Nature is everyone's business". It has promised and taken practical actions to protect nature and biodiversity, and put green and sustainable development into practise. BfN is a global coalition that comprises influential organizations and forward-thinking companies, including corporate membership organizations, industry associations, research institutions and other non-governmental organisations. Its strategic goal is to promote sustainable development and make changes through the use of business models that protect nature. Since the Group started engaging in the elderly care operation business, we have been vigorously promoting the development of community-based elderly care services through the establishment of elderly care organisations and community-based day care centres and other elderly care institutes to support family endowment and grown-up children living with their elderly parents. Through visiting the elderly living alone and empty nest elderly families, the Group aims to help the elderly to solve practical difficulties with constant innovative service model for the elderly in providing personalised professional services. To arrange related resources of hospital for the elderly, a variety of activities including elderly care consultation and renowned doctor consultation are provided to enable the elderly to have a better life.

Looking forward, the management of the Company deeply understands that "enterprises that actively undertake social responsibility are the most competitive and viable enterprises". Thus, we will integrate the ESG management more profoundly into our daily works. We will also constantly improve the management mechanism, and let the ESG practices run through every segment of the Group, continue to improve the performance of stakeholders such as communities, employees, suppliers and governments, and pay more attention to the responsibilities of stakeholders such as the environment, social organisations and customers. Through constantly strengthening the communications with stakeholders and to enable the enterprise and stakeholders develop together, we will create more values for stakeholders and realise the quality, environment and safety management systematisation, normalisation and standardisation. In the future operation management, we will continue to follow the relevant standards and requirements, further enhance regulated management, constantly promote management quality and efficiency and focus on energy-saving and consumption reduction as well as employees' health and safety, so as to integrate the poverty relief and the development of charitable activities with the Group's own production and operation, proactively making contribution to the Group and the society in synergetic development.

# INDEPENDENT AUDITOR'S REPORT

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**TO THE SHAREHOLDERS OF**
**TIANJIN TEDA BIOMEDICAL ENGINEERING COMPANY LIMITED**
**天津泰達生物醫學工程股份有限公司**
*(incorporated in the People's Republic of China with limited liability)*

## OPINION

We have audited the consolidated financial statements of Tianjin TEDA Biomedical Engineering Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 152, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS *(continued)*

**Key audit matter**

***Impairment assessment of trade receivables***

The Group has trade receivables with the balance of approximately RMB10.8 million as at 31 December 2024 and accounted for 4.6% of the Group's total current assets.

The assessment of impairment of trade receivables under the expected credit loss model is considered to be a key audit matter as it requires the application of judgement and use of subjective assumptions by the management. The Group has applied the simplified approach for assessing the expected credit losses ("ECLs") of trade receivables, which is based on management's estimate of the lifetime ECLs to be incurred. Past experience of credit losses, aging of overdue trade receivables, customers' settlements history, customers' financial position and current and expected business development are also considered in the ECLs model.

**How our audit addressed the key audit matter**

Our audit procedures in relation to the management's impairment assessment of trade receivables included:

- understanding the key controls on how the loss allowance for trade receivables is estimated by the management;
- reviewing and assessing the application of the Group's policy for calculating ECLs to consider consistency of application;
- evaluating techniques and methodologies in ECLs model against the requirements of HKFRS 9;
- conducting in-depth discussions with management about the ECLs calculations and assessing the appropriateness of the significant assumptions and critical judgement areas which affect the calculations;
- assessing the reasonableness of ECLs estimates from checking the information implemented by the management to make the judgements, which comprises testing the accuracy of the history of default, evaluating the current economic conditions and forward-looking information specific to the customers used in determining estimated loss rates, and considering subsequent settlements and the latest information subsequent to the year end date for any adjustments to default rate required; and
- selecting samples from the aging analysis to consider appropriateness of classification of trade receivables to ensure proper determination of trade receivables with significant increase in credit risks by checking to the settlement records, and discussing with the management regarding customers' current ability of settlement, any available information for assessing the creditability of the customers and the current economic environment in which the customers operate.

## KEY AUDIT MATTERS *(continued)*

| Key audit matter | How our audit addressed the key audit matter |
|---|---|
| ***Impairment of property, plant and equipment ("PPE") and right-of-use assets ("ROU")*** | |
| We have identified impairment assessment of PPE and ROU as a key audit matter because of its significance to the consolidated financial statements and the involvement of significant management judgement and estimates in the value in use calculations. As at 31 December 2024, the net carrying amounts of PPE and ROU assets after recognition of impairment loss for the year then ended were approximately RMB62.7 million and RMB35.7 million respectively.<br><br>Management has performed impairment assessments on PPE and the ROU in accordance with the Group's accounting policies. The recoverable amounts of the cash-generating units (the "CGUs") in the segment of fertilizer products were estimated based on their value in use. The value in use of the CGUs were calculated from cash flow projections prepared using data from the Group's internal forecasts and as such relies upon management assumptions such as the estimates of future performance of the CGUs, and the discount rate. Based on the impairment assessments of the CGUs, it was concluded that impairment loss of RMB2.4 million was provided for the PPE in relation to one of the CGUs for the year ended 31 December 2024. | Our procedures in relation to management's impairment assessment of PPE and ROU included:<br><br>• understanding the management's internal control and assessment process of impairment assessment of PPE and ROU;<br><br>• considering and assessing the historical accuracy of management's budgeting processes;<br><br>• conducting in-depth discussions with management about the cash flow projections used in the value-in-use calculations and assessing the appropriateness of the significant assumptions and critical judgement areas which affect the value-in-use calculations;<br><br>• benchmarking the growth rates and discount rates used in the value-in-use calculations against independent industry data and comparable companies; and<br><br>• evaluating and assessing the appropriateness of the key assumptions used in the value-in-use calculations. |

# INDEPENDENT AUDITOR'S REPORT

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

# INDEPENDENT AUDITOR'S REPORT

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Fan, Chan & Co. Limited**
*Certified Public Accountants*

**Leung Kwong Kin**
Practising Certificate Number: P03702

31 March 2025

# 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 | 8 | **385,482,322** | 397,998,097 |
| Cost of sales and services | | **(365,259,446)** | (376,632,434) |
| Gross profit | | **20,222,876** | 21,365,663 |
| Other income, gains and losses, net | 9 | **(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 | 10 | **(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 | 11 | **(4,581,000)** | (5,172,914) |
| Loss before tax | 11 | **(38,206,601)** | (12,012,425) |
| Income tax credit | 12 | **221,318** | 1,043,900 |
| Loss after taxation | | **(37,985,283)** | (10,968,525) |
| **Discontinued operation** | | | |
| Profit/(loss) for the year from discontinued operation | 7 | **1,845,733** | (5,601,754) |
| Loss for the year and total comprehensive expense for the year | | **(36,139,550)** | (16,570,279) |
| (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) |
| | | **(27,802,241)** | (20,159,658) |
| Non-controlling interests | | | |
| – From continuing operations | 33 | **(8,337,309)** | 3,589,379 |
| – From discontinued operation | | **–** | – |
| | | **(36,139,550)** | (16,570,279) |
| **(Loss)/profit per share** | | | |
| **Basic and diluted (RMB cents)** | | | |
| – From continuing operations | | **(1.56)** | (0.77) |
| – From discontinued operation | | **0.10** | (0.29) |
| | 14 | **(1.46)** | (1.06) |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2024*

| | NOTES | 2024 RMB | 2023 RMB |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 16 | **62,691,675** | 73,627,007 |
| Right-of-use assets | 17 | **35,661,586** | 39,309,032 |
| Deposits | 23 | **180,000** | - |
| Other financial assets | 20 | **–** | - |
| | | **98,533,261** | 112,936,039 |
| **Current assets** | | | |
| Inventories | 21 | **75,307,871** | 90,456,549 |
| Trade receivables | 22 | **10,818,520** | 8,776,649 |
| Prepayments and other receivables | 23 | **82,467,447** | 70,420,103 |
| Pledged deposit | 24 | **40,000,000** | - |
| Cash and cash equivalents | 24 | **25,399,950** | 5,934,322 |
| | | **233,993,788** | 175,587,623 |
| Assets of disposal group classified as held for sale | 7 | **-** | 14,754,304 |
| | | **233,993,788** | 190,341,927 |
| **Current liabilities** | | | |
| Trade payables | 25 | **8,931,678** | 16,106,709 |
| Contract liabilities | 26 | **77,747,402** | 86,526,298 |
| Other payables and accruals | 27 | **56,154,708** | 47,464,251 |
| Bank and other borrowings – due within one year | 28 | **134,670,000** | 55,170,000 |
| Lease liabilities | 29 | **1,561,379** | 1,498,976 |
| | | **279,065,167** | 206,766,234 |
| Liabilities of disposal group classified as held for sale | 7 | **-** | 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 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2024*

| | NOTES | 2024<br>RMB | 2023<br>RMB |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Bank borrowings | 28 | **14,870,000** | 9,920,000 |
| Lease liabilities | 29 | **8,813,875** | 10,375,252 |
| Deferred tax liabilities | 30 | **1,338,072** | 1,561,084 |
| | | **25,021,947** | 21,856,336 |
| **Net assets** | | **28,439,935** | 64,579,485 |
| **Capital and reserves** | | | |
| Share capital | 31 | **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 | 33 | **6,290,868** | 14,628,177 |
| **Total equity** | | **28,439,935** | 64,579,485 |

The consolidated financial statements on pages 73 to 152 were approved and authorised for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by:

**Sun Li**
*Director*

**He Xin**
*Director*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2024*

| | Share capital RMB | Share premium RMB | Surplus reserve fund RMB | Capital reserve RMB | Other reserve RMB | Accumulated losses RMB | Attributable to owners of the Company RMB | Non-controlling interests RMB | Total RMB |
|---|---|---|---|---|---|---|---|---|---|
| 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)/profit and total comprehensive expense for the year | – | – | – | – | – | (20,159,658) | (20,159,658) | 3,589,379 | (16,570,279) |
| At 31 December 2023 | 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 |
| 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)/profit and total comprehensive expense for the year | – | – | – | – | – | (27,802,241) | (27,802,241) | (8,337,309) | (36,139,550) |
| At 31 December 2024 | 189,450,000 | 275,317,438 | 3,717,696 | 2,541,404 | (19,382,403) | (429,495,068) | 22,149,067 | 6,290,868 | 28,439,935 |

Note:

**(i) 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 2024 and 2023.

# CONSOLIDATED STATEMENT OF CASH FLOWS

*For the year ended 31 December 2024*

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **OPERATING ACTIVITIES** | | |
| (Loss)/profit before tax | | |
| – From continuing operations | **(38,206,601)** | (12,012,425) |
| – From discontinued operation | **1,845,733** | (5,601,754) |
| | **(36,360,868)** | (17,614,179) |
| Adjustments for: | | |
| Loss on disposal of property, plant and equipment | **1,171,831** | 196,766 |
| Gain on disposal of right-of-use assets | **(890,627)** | – |
| Interest income | **(47,973)** | (250,122) |
| Amortisation of intangible assets | **–** | 689,000 |
| Depreciation of property, plant and equipment | **6,974,407** | 8,196,976 |
| Depreciation of right-of-use assets | **2,153,116** | 2,747,633 |
| Loss on other financial assets | **–** | 945,025 |
| Written off for prepayment | **1,500,000** | – |
| Written off for inventories | **3,253,284** | – |
| Fair value gain on financial assets at FVTPL | **–** | (224) |
| Gain on lease modification | **–** | (15,387,204) |
| Interest expense | **4,581,000** | 6,083,164 |
| Impairment of property, plant and equipment | **2,408,741** | – |
| 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 |
| Operating cash flows before movements in working capital | **(4,158,441)** | (3,208,897) |
| Decrease/(increase) in inventories | **11,895,394** | (16,553,184) |
| (Increase)/decrease in trade receivables | **(12,031,899)** | 13,312,352 |
| (Increase)/decrease in prepayments and other receivables | **(23,068,057)** | 2,692,679 |
| Decrease in trade payables | **(7,175,031)** | (5,410,295) |
| (Decrease)/increase in contract liabilities | **(986,451)** | 15,214,651 |
| Increase/(decrease) in other payables and accruals | **13,835,924** | (13,161,940) |
| **Cash used in operations** | **(21,688,561)** | (7,114,634) |
| Income tax (paid)/refund | **(1,694)** | 43,088 |
| Interest paid | **(4,581,000)** | (6,083,164) |
| **Net cash used in operating activities** | **(26,271,255)** | (13,154,710) |

# CONSOLIDATED STATEMENT OF CASH FLOWS

*For the year ended 31 December 2024*

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **INVESTING ACTIVITIES** | | |
| Purchase of property, plant and equipment | **(2,558,492)** | (2,468,492) |
| Proceeds from disposal of property, plant and equipment | **2,938,845** | 3,000 |
| Proceeds from disposal of right-of-use assets | **2,384,957** | – |
| Proceeds from disposal of financial assets at fair value through profit or loss | **–** | 352,953 |
| Proceeds from settlement of other financial assets | **–** | 1,394,975 |
| Disposal of a subsidiary | **(56,205)** | – |
| Increase in pledged bank deposit | **(40,000,000)** | – |
| Interest received | **47,973** | 250,122 |
| **Net cash used in investing activities** | **(37,242,922)** | (467,442) |
| **FINANCING ACTIVITIES** | | |
| Drawdown of bank borrowings | **147,000,000** | 90,990,000 |
| Repayment of bank borrowings | **(62,550,000)** | (82,600,000) |
| Loans from related parties | **–** | 5,160,000 |
| Repayment of loans from related parties | **–** | (100,000) |
| Repayment of lease liabilities – principal portion | **(1,498,974)** | (721,160) |
| **Net cash generated from financing activities** | **82,951,026** | 12,728,840 |
| **Net increase/(decrease) in cash and cash equivalents** | **19,436,849** | (893,312) |
| **Cash and cash equivalents at beginning of the year** | **5,963,101** | 6,856,413 |
| **Cash and cash equivalents at end of the year** | **25,399,950** | 5,963,101 |
| **Analysis of the balances of cash and cash equivalents:** | | |
| Cash and bank balances as stated in the consolidated statement of financial position | **25,399,950** | 5,934,322 |
| Attributable to assets held for sale | **–** | 28,779 |
| | **25,399,950** | 5,963,101 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 1. GENERAL INFORMATION

Tianjin TEDA Biomedical Engineering Company Limited (the "Company") is a joint stock company established on 8 September 2000 in the People's Republic of China ("PRC") with limited liability and its H shares were listed on the GEM of the Stock Exchange of Hong Kong Limited on 18 June 2002.

The Company and its subsidiaries (hereafter referred to as the "Group") principally engages in manufacture and sale of biological compound fertiliser products, elderly care and health care services and trading of healthcare products (wine). The operation of trading of healthcare products (wine) was discontinued during the year ended 31 December 2023 as a result of the classification of the trading of healthcare products (wine) segment as a disposal group held for sale in prior year, details of which are described in note 7. The principal activities and other particulars of the subsidiaries are set out in note 40 to the consolidated financial statements. The address of its registered office and principal place of business is disclosed in the "Corporate Information" section to the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

## 2. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

#### 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, *Amendments to the Classification and Measurement of Financial Instruments* | 1 January, 2026 |
| • Amendments to HKFRS 10 and HKAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* | To be determined |
| • Amendments to HKFRS Accounting Standards, *Annual Improvements to HKFRS Accounting Standards – Volume 11* | 1 January, 2026 |
| • Amendments to HKAS 21, *Lack of Exchangeability* | 1 January, 2025 |
| • HKFRS 18, *Presentation and Disclosure in Financial Statements* | 1 January, 2027 |

### 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared under the historical cost basis except for financial assets at fair value through profit or loss, which are measured at fair values as explained in the material accounting policy information set out in note 4.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 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 report, 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 financing 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

### Going concern basis *(continued)*

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.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION

### Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (the "Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive processes and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non- controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Business combination and basis of consolidation *(continued)*

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

### Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### Goodwill

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is first allocated to reduce the carrying amount of any goodwill allocated to the unit, and then to the other assets of the unit on a pro-rata basis on the carrying amount at each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

### Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale. Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Property, plant and equipment

Property, plant and equipment (other from construction in progress) are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The principal annual rates are as follows:

| | |
|---|---|
| Buildings, other structures and improvements | 3% – 20% |
| Furniture, fixtures and equipment | 5% – 33% |
| Motor vehicles | 10% – 20% |
| Plant and machinery | 5% – 20% |

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

### Intangible assets

*(i)* Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

The amortisation expense is recognised in profit or loss and included in administrative expenses. Amortisation is provided on a straight-line basis over their useful lives as follows.

| | |
|---|---|
| Licenses | 16 years |
| Software application | 10 years |

*(ii)* *Impairment*

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease to the extent of its revaluation surplus.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Research and development costs

Research and development costs is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product;
- sale of the product will generate future economic benefits; and,
- expenditure on the project can be measured reliably.

Research and development costs not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

### Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, goodwill, intangible asset and the Company's investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the impairment loss is treated as a revaluation decrease under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generated unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

### Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale. Provision is made for obsolete, slow moving or defective items where appropriate.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the year in which the related revenue is recognised. The amount of any written down of inventories to net realisable value and all losses of inventories are recognised as an expense in the year the write down or loss occurs. The amount of any reversal of any written down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the year in which the reversal occurs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Financial instruments

*Financial assets*

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. Trade receivable without a significant financing component is initially measured at the transaction price.

*Impairment loss on financial assets*

The Group recognises loss allowances for expected credit losses ("ECLs") on trade receivables and financial assets measured at amortised cost, except for other financial assets measured at FVTPL. ECLs are measured on either of the following bases:

- 12 months ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measured loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, ECLs are based on lifetime ECLs except when there has not been a significant increase in credit risk since initial recognition, in which case the allowance will be based on the 12-months ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Financial instruments *(continued)*

*Impairment loss on financial assets (continued)*

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realising security (if any is held); or the financial asset is more than one year past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group considers a financial asset to be credit-impaired when:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

*Financial liabilities*

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

**Financial instruments** *(continued)*

*Financial liabilities (continued)*

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, amount due to directors, lease liabilities and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Borrowings

Borrowings are recognised initially at fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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.

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

*Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

**Leases**

*The Group as a lessee*

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist 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 of less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

**Leases** *(continued)*

*The Group as a lessee (continued)*

Right-of-use asset

The right-of-use asset is initially recognised at cost.

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.

The Group accounts for leasehold land and buildings that are held for rental or capital appreciation purpose under HKAS 40 and are carried at cost, less any accumulated depreciation and any impairment losses. The Group accounts for leasehold land and buildings which is held for own use under HKAS 16 and are stated at cost and are amortised over the period of the lease. Other than the above right-of-use assets, the Group also has leased buildings and plant and machinery under tenancy agreements which the Group exercises it judgement and determines that it is a separate class of asset apart from the buildings and plant and machinery which is held for own use. As a result, the right-of-use asset arising from the building and plant and machinery under tenancy agreements are carried at depreciated cost.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are 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 uses the Group's incremental borrowing rate.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. For lease modifications that decrease the scope of the lease, the Group shall account for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probably will result in an outflow of economic benefits that can be reasonably estimated.

### Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recgonised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the accounting nor taxable profits and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period, and reflects any uncertainty related to income taxes.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Income taxes *(continued)*

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

### Foreign currencies

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. RMB) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Foreign currencies *(continued)*

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the foreign exchange reserve.

### Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

– provides all of the benefits received and consumed simultaneously by the customer;

– creates or enhances an asset that the customer controls as the Group performs; or

– does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

*Contract liabilities*

A contract liability represents the Group's obligation to transfer services to a customer for which the Group has received consideration from the customer. If the considerations (including advances received from customers) exceeds the revenue recognised to date under the output method then the Group recognises a contract liability for the difference.

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Revenue recognition *(continued)*

Revenue from sales of goods is recognised when the control of the goods is transferred to the customers, which is at the time of delivery and the title is passed to customer, on the following basis:

(i) from the sales of goods, when the control has been transferred to the buyer, provided that the goods are delivered and the customers have accepted the goods;

(ii) processing and servicing income and leasing income is recognised over time when the services are provided;

(iii) installation income is recognised when the control of the EEG diagnosis detection software is transferred, which is the time that the installation is completed and the software is well-functioned individually; and,

(iv) interest income is recognised on a time-proportion basis using the effective interest method.

### Employee benefits

*(i) Short term employee benefits*

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

*(ii) Pension obligations*

In accordance with the rules and regulations in the PRC, the PRC-based employees of the Group shall participate in various defined contribution retirement benefit plans managed by the relevant and provincial and municipal governments in the PRC, under which the Group and its employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to certain ceiling. The provincial and municipal governments undertake to assume the retirement benefit obligations of all existing and future retired PRC-based employees payable under the plans described above. Other than the monthly contributions, the Group is not required to assume obligation for other pension payments or and other post-retirement benefits in respect of its employees.

The contributions are recognised as employee benefit expense when they are due and are not reduced by contributions forfeited by those employees who leave the plan prior to vesting fully in the contributions.

*(iii) Termination benefits*

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 4. MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

### Related parties

A person or an entity is related to the Group if:

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's major accounting policies, which are described in note 4, the directors of the Company are required to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainties at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

*(i) Estimated useful lives of property, plant and equipment*

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods.

*(ii) Provision for slow-moving inventories*

Provision for slow-moving inventories is made based on the aging and estimated net realisable value of inventories. The assessment of the provision amount required involves management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of inventories and provision charged/written back in the period in which the estimate has been changed.

*(iii) Impairment of trade receivables, prepayments and other receivables*

Impairment is made based on assessment of the recoverability of trade receivables, prepayments and other receivables. The identification of impairment requires management judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying value of trade receivables, prepayments and other receivables and impairment made/ reversed in the period in which the estimate has been changed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 5. KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

### Key sources of estimation uncertainty *(continued)*

*(iv) Taxation*

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Where the final tax outcome of these transactions is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

No deferred tax asset in relation to unused tax losses and deductible temporary differences has been recognised in the consolidated statement of financial position. In case where taxable future profits are generated, an understatement of current year accounting profit due to the unrecognised deferred tax asset may arise, which deferred tax asset would be recognised in the statement of profit or loss and other comprehensive income for the period in which such event takes place.

*(v) Impairment of non-financial assets*

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment under cost model;

– right-of-use asset;

– investments in subsidiary; and

– intangible assets.

The Group assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value in use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flow from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

## 6. 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 is 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. Details of the disposal are set out in note 34. The operations of the "Health care products (wine) and related services" segment are presented as discontinued operations in the consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 6. SEGMENT INFORMATION *(continued)*

### (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 described in note 4 to the consolidated financial statements. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit or loss that is used by the chief operating decision-maker for assessment of segment performance.

The following is an analysis of the Group's revenue and results 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 | – | – | – |
| Reportable segment revenue | 384,846,908 | 635,414 | 385,482,322 |
| Reportable segment loss | (31,106,702) | (406,899) | (31,513,601) |
| Unallocated other income, gains or losses, net | | | (866,899) |
| Unallocated corporate expenses | | | (5,565,101) |
| Unallocated interest expense | | | (261,000) |
| Loss before tax | | | (38,206,601) |

## 6. SEGMENT INFORMATION *(continued)*

Year ended 31 December 2023

| | Continuing operations | | |
|---|---|---|---|
| | Fertiliser products RMB | Elderly care & health care services RMB | Total RMB |
| Revenue from external customers | 397,424,063 | 574,034 | 397,998,097 |
| Inter-segment revenue | – | – | – |
| Reportable segment revenue | 397,424,063 | 574,034 | 397,998,097 |
| Reportable segment loss | (41,651) | (3,431,631) | (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 | | | (394,287) |
| Loss before tax | | | (12,012,425) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 6. SEGMENT INFORMATION *(continued)*

### (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<br>RMB | 2023<br>RMB |
|---|---|---|
| **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 | 370,464,671 | 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 | 332,527,049 | 303,277,966 |
| **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 | 304,087,114 | 238,698,481 |

## 6. SEGMENT INFORMATION *(continued)*

### (c) Other segment information

| | Continuing operations | | | | |
|---|---|---|---|---|---|
| | Fertilizer products RMB | Elderly care & health care services RMB | Subtotal RMB | Unallocated RMB | Consolidated 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 | | | | |
|---|---|---|---|---|---|
| | Fertilizer products RMB | Elderly care & health care services RMB | Subtotal RMB | Unallocated RMB | Consolidated 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) | (1,155) | (158,518) |
| 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 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 6. SEGMENT INFORMATION *(continued)*

### (c) Other segment information *(continued)*

| | Fertiliser products | | Elderly care & health care services | | Total | |
|---|---|---|---|---|---|---|
| | **2024 RMB** | 2023 RMB | **2024 RMB** | 2023 RMB | **2024 RMB** | 2023 RMB |
| **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.

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

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **Revenue of discontinued operation** | | |
| Contracts with customers | **943,396** | 8,586,613 |
| **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 | **(767)** | (910,250) |
| Loss before taxation of discontinued operation | **(241,043)** | (5,601,754) |
| Income tax expense | **–** | – |
| 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 (Note 34) | **2,086,776** | – |
| Profit/(loss) for the year from discontinued operation | **1,845,733** | (5,601,754) |
| **Profit/(loss) for the year from discontinued operation is arrived at after charging:** | | |
| Research and development expenses | **–** | 1,170,708 |
| Cost of inventories recognised as expense | **248** | 6,411,312 |
| Amortisation of intangible asset | **172,250** | 689,000 |
| Short-term leases expenses | **–** | 270,642 |
| Travelling and transportation expenses | **–** | 184,380 |
| Promotion expenses | **–** | 406,385 |
| Employee costs (including emoluments of directors and supervisors): | | |
| – Wages and salaries | **777,984** | 3,111,937 |
| – Retirement benefit scheme contributions | **110.223** | 440,893 |
| – Staff welfare and other benefits | **16,227** | 64,908 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 7. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE *(continued)*

| | **2024**<br>**RMB** | 2023<br>RMB |
|---|---|---|
| **Cash flows from discontinued operation:** | | |
| Net cash inflow/(outflow) from operating activities | **27,425** | (17,758) |
| Net cash inflow from investing activities | **–** | 151 |
| Net cash inflow from financing activities | **–** | – |

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<br>RMB |
|---|---|
| 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 |
| | 14,754,304 |
| Trade and other payables and total liabilities associated with assets classified as held for sale | 10,075,911 |

## 8. 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<br>RMB | 2023<br>RMB |
|---|---|---|
| **Continuing operations** | | |
| Fertiliser products | **384,846,908** | 397,424,063 |
| Elderly care and health care services | **635,414** | 574,034 |
| Total revenue from contracts with customers | **385,482,322** | 397,998,097 |

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

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| Trade receivables (note 22) | **10,818,520** | 8,776,649 |
| Contract liabilities (note 26) | **77,747,402** | 86,526,298 |

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

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

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **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) |
| | **(4,977,025)** | 14,203,984 |

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) As disclosed in note 17(a), a gain on lease modification was recognised for the year ended 31 December 2023. The original leased area was significantly reduced through a supplementary agreement. Hence the lease modification was not accounted for as a separate lease. Instead, the carrying amount of the right-of-use asset has been decreased correspondingly to reflect the reduced lease area, and the lease liability 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.

## 10. RESEARCH AND DEVELOPMENT EXPENSES

Included in research and development expenses are mainly expenditures incurred for the internal projects carried out for the design, testing, exploring and upgrading various types of biological compound fertiliser products for business purpose. Management assessed that the costs were incurred for these projects that were currently in the research and initial development stage and should not be capitalised as assets.

## 11. LOSS BEFORE TAXATION

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| **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** | 1,211,326 |
| 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 |
| *Employee costs (including emoluments of directors and supervisors):* | | |
| – 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 |
| | **27,726,792** | 24,361,521 |
| 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 |
| | **4,581,000** | 5,172,914 |

Note:

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).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 12. INCOME TAX CREDIT

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

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).

#### (a) China Corporate income tax

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

## 12. INCOME TAX CREDIT *(continued)*

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

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **Continuing operations** | | |
| Loss before tax | **(38,206,601)** | (12,012,425) |
| Calculated at statutory rate of 25% (2023: 25%) | **(9,551,650)** | (3,003,106) |
| Tax effects of: | | |
| Income not taxable for tax purposes | **(4,911,195)** | (8,496,976) |
| Expenses not deductible for tax purposes | **9,236,742** | 3,697,136 |
| Unused tax losses not recognised | **4,897,862** | 6,133,798 |
| Utilisation of tax losses previously not recognised | **(41,752)** | – |
| Effects of differential tax rate and preferential tax treatment | **148,675** | 668,336 |
| Over provision in prior years | **–** | (43,088) |
| Taxation credit | **(221,318)** | (1,043,900) |

(c) At 31 December 2024, the Group has unused tax losses of RMB158.4 million (2023: RMB149.6 million) that are available for offsetting against future taxable profits of the companies in which the losses arose. The unused tax losses can be carried forward for 10 years (2023: 10 years) and will expire in various dates up to 2034 (2023: 2033). No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

## 13. DIVIDEND

No dividend has been paid nor declared by the Company during the year (2023: nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 14. (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** **RMB** | 2023 RMB |
|---|---|---|
| (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) |
| Loss for the purpose of basic loss per share | **(27,802,241)** | (20,159,658) |
| Weighted average number of ordinary shares for the purpose of basic loss per share | **1,894,500,000** | 1,894,500,000 |

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.

### 15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES

#### (a) Directors' and supervisors' emoluments

The aggregate amounts of emoluments paid and payable to directors and supervisors of the Company during the year are as follows:

| | **2024** **RMB** | 2023 RMB |
|---|---|---|
| Fees | **365,263** | 380,000 |
| Salaries and other benefits | **635,053** | 870,440 |
| Retirement benefits scheme contributions | **248,703** | 247,700 |
| | **1,249,019** | 1,498,140 |

## 15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES *(continued)*

### (a) Directors' and supervisors' emoluments *(continued)*

*Executive director:*

The emoluments paid to executive director during the year are as follows:

| | Fee emoluments RMB | Salaries and other benefits RMB | Retirement benefits scheme contributions RMB | Total RMB |
|---|---|---|---|---|
| **2024** | | | | |
| Ms Sun Li | – | **356,510** | **159,793** | **516,303** |
| **2023** | | | | |
| Ms Sun Li | – | 468,870 | 151,257 | 620,127 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES *(continued)*

### (a) Directors' and supervisors' emoluments *(continued)*

*Non-executive directors:*

The fees paid to non-executive directors during the year are as follows:

| | Fee emoluments RMB | Salaries and other benefits RMB | Retirement benefits scheme contributions RMB | Total RMB |
|---|---|---|---|---|
| **2024** | | | | |
| Mr Li Ximing | **40,000** | **–** | **–** | **40,000** |
| Mr Cao Aixin | **40,000** | **51,943** | **2,021** | **93,964** |
| | **80,000** | **51,943** | **2,021** | **133,964** |
| **2023** | | | | |
| Mr Li Ximing | 40,000 | – | – | 40,000 |
| Mr Cao Aixin | 40,000 | 171,970 | 8,128 | 220,098 |
| | 80,000 | 171,970 | 8,128 | 260,098 |

*Independent non-executive directors:*

The fees paid to independent non-executive directors during the year are as follows:

| | 2024 RMB | 2023 RMB |
|---|---|---|
| Mr Li Xudong (Note (i)) | **20,000** | 80,000 |
| Ms Gao Chun | **80,000** | 80,000 |
| Mr Wang Yongkang | **80,000** | 80,000 |
| Mr Tu Xiangzhen (Note (ii)) | **45,263** | – |
| | **225,263** | 240,000 |

Note:

(i) Mr Li Xudong resigned as an independent non-executive director on 28 March 2024.

(ii) Mr Tu Xiangzhen was appointed as independent non-executive directors on 7 June 2024.

## 15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES *(continued)*

### (a) Directors' and supervisors' emoluments *(continued)*

*Supervisors:*

The emoluments paid to supervisors during the year are as follows:

| | Salaries and other benefits RMB | Retirement benefits scheme contributions RMB | Total RMB |
|---|---|---|---|
| **2024** | | | |
| Ms Yang Chunyan | **129,500** | **49,552** | **179,052** |
| Ms Liu Jinyu | **97,100** | **37,337** | **134,437** |
| | **226,600** | **86,889** | **313,489** |
| **2023** | | | |
| Ms Yang Chunyan | 131,000 | 50,457 | 181,457 |
| Ms Liu Jinyu | 98,600 | 37,858 | 136,458 |
| | 229,600 | 88,315 | 317,915 |

*Independent supervisors:*

The fees paid to independent supervisors during the year are as follows:

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| Mr Liang Weitao | **30,000** | 30,000 |
| Mr. Zhao Zhiyou | **30,000** | 30,000 |
| | **60,000** | 60,000 |

No performance related incentive payments were determined and paid to any of the directors and supervisors for the year ended 31 December 2024 (2023: nil).

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries. The independent non-executive directors emoluments shown above were mainly for their services as directors of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 15. EMOLUMENTS OF DIRECTORS, SUPERVISORS AND EMPLOYEES *(continued)*

### (b) Five highest paid individuals

The five highest paid individuals of the Group included one (2023: one) executive director and nil non-executive director (2023: one), whose emoluments are reflected in note (a).

The analysis of the emoluments of the remaining four (2023: three) highest paid individuals are set out below:

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| Salaries, other benefits | **692,532** | 536,856 |
| Retirement benefits scheme contributions | **67,097** | 50,471 |
| | **759,629** | 587,327 |

The number of the highest paid individuals, including executive directors, whose remuneration fell within the following band is as follows:

| | **Number** | |
|---|---|---|
| | **2024** | 2023 |
| Nil –RMB912,634 (2023: RMB908,873) (equivalent to Nil – HK$1,000,000) | **5** | 5 |

**(c)** During the year, no emoluments were paid by the Group to the directors, supervisors or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil).

None of the directors and supervisors waived any emoluments during the year (2023: nil).

## 16. PROPERTY, PLANT AND EQUIPMENT

| | Buildings, other structures and improvements RMB | Plant and machinery RMB | Motor vehicles RMB | Furniture, fixtures and equipment RMB | Construction in progress RMB | Total RMB |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 January 2023 | 90,384,137 | 82,990,068 | 5,010,369 | 7,782,003 | 91,922 | 186,258,499 |
| Additions | 1,146,628 | 173,230 | 484,071 | 477,875 | 980,217 | 3,262,021 |
| Disposals | | (300,000) | (556,146) | (3,200) | – | (859,346) |
| At 31 December 2023 | 91,530,765 | 82,863,298 | 4,938,294 | 8,256,678 | 1,072,139 | 188,661,174 |
| Additions | 122,000 | 1,722,138 | 5,000 | 83,102 | 626,252 | 2,558,492 |
| Transfer | 837,329 | 861,062 | – | – | (1,698,391) | – |
| Disposals | (237,492) | (8,638,024) | (2,888,580) | (897,402) | – | (12,661,498) |
| **At 31 December 2024** | **92,252,602** | **76,808,474** | **2,054,714** | **7,442,378** | **–** | **178,558,168** |
| **Accumulated depreciation and impairment** | | | | | | |
| At 1 January 2023 | 30,996,653 | 66,486,046 | 2,744,558 | 7,269,514 | – | 107,496,771 |
| Charge for the year | 3,571,485 | 3,578,362 | 513,541 | 533,588 | – | 8,196,976 |
| Written back on disposal | – | (142,461) | (516,207) | (912) | – | (659,580) |
| At 31 December 2023 | 34,568,138 | 69,921,947 | 2,741,892 | 7,802,190 | – | 115,034,167 |
| Charge for the year | 3,160,668 | 2,829,404 | 446,745 | 537,590 | – | 6,974,407 |
| Written back on disposal | (69,593) | (5,823,227) | (1,760,600) | (897,402) | – | (8,550,822) |
| Impairment | – | 2,408,741 | – | – | – | 2,408,741 |
| **At 31 December 2024** | **37,659,213** | **69,336,865** | **1,428,037** | **7,442,378** | **–** | **115,866,493** |
| **Carrying amount** | | | | | | |
| **At 31 December 2024** | **54,593,389** | **7,471,609** | **626,677** | **–** | **–** | **62,691,675** |
| At 31 December 2023 | 56,962,627 | 12,941,351 | 2,196,402 | 454,488 | 1,072,139 | 73,627,007 |

Notes:

(i) 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 approximately RMB38.9 million (2023: RMB53.2 million) (note 28(i)).

(ii) At 31 December 2024, costs of fully depreciated plant and machinery, motor vehicles and furniture, fixtures and equipment that were still in use by the Group were RMB55.0 million (2023: RMB47.1 million), RMB1.6 million (2023: RMB2.5 million) and RMB7.4 million (2023: RMB6.0 million) respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Notes: *(continued)*

(iii) The Group carried out impairment assessment reviews of its property, plant and equipment and right-of-use assets used in its fertiliser product segment in 2024 and 2023 as a result of the market conditions in the fertiliser markets whereby increased competition amongst the suppliers had led to decreases in the gross profit margins of the Group's fertilizer products. Based on the results of the impairment assessments of the recoverable amounts of the cash-generating units in the fertiliser products segment made by the management, which have been determined based on value-in-use calculations, the cash-generating unit represented by Fulilong (Shandong) Fertilsers Co., Ltd. (the "CGU") was identified to be impaired as its recoverable amount was estimated to be lower than its carrying amount (2023: no cash-generating unit was found to have recoverable amount below its carrying amount). The CGU is principally engaged in the research development, manufacture and sales of biological compound fertilisers in Shandong Province. Impairment loss of RMB2,408,741 has been recognised in consolidated profit or loss for the year ended 31 December 2024 (2023: Nil) to write down the carrying amounts of the assets belonging to the CGU so as to reduce the carrying amount of the CGU to its recoverable amount of RMB7,471,609. The impairment loss of RMB2,408,741 has been allocated to the plant and machinery class of property, plant and equipment of the CGU belonging to the fertilizer products segment. The discount rate used in measuring the amount of value in use of the CGU as at 31 December 2024 was 15.5% (2023: 12.7%).

## 17. RIGHT-OF-USE ASSETS

### The Group as a lessee

The Group leases a number of properties in the jurisdictions in which it operates.

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

| | **Buildings, other structures and improvements** (note (a)) RMB | **Prepaid land lease** (note (b)) RMB | **Prepaid land lease relating to property, plant and equipment** (note (c)) RMB | **Total** RMB |
|---|---|---|---|---|
| At 1 January 2023 | 17,090,599 | 13,555,578 | 22,640,251 | 53,286,428 |
| Modification of lease contract | (11,229,763) | – | – | (11,229,763) |
| Depreciation | (1,660,504) | (286,891) | (800,238) | (2,747,633) |
| At 31 December 2023 | 4,200,332 | 13,268,687 | 21,840,013 | 39,309,032 |
| At 1 January 2024 | 4,200,332 | 13,268,687 | 21,840,013 | 39,309,032 |
| Disposal | – | – | (1,494,330) | (1,494,330) |
| Depreciation | (1,486,748) | (286,891) | (379,477) | (2,153,116) |
| At 31 December 2024 | 2,713,584 | 12,981,796 | 19,966,206 | 35,661,586 |

## 17. RIGHT-OF-USE ASSETS *(continued)*

### The Group as a lessee *(continued)*

| | 2024 RMB | 2023 RMB |
|---|---|---|
| Expenses relating to short-term leases | **313,488** | 1,481,968 |
| Repayment of principal portion of lease liabilities | **1,498,974** | 721,160 |
| Interest paid on lease liabilities | **448,826** | 1,003,840 |
| Total cash outflows for leases for the year | **2,261,288** | 3,206,968 |

Notes:

(a) The Group leases various production facilities for its manufacturing operations. The lease contract was entered into for fixed term without extension and termination options and the lease term will end in 2030. The lease payments are calculated by the summation of 2 components: (i) fixed minimum lease payments and (ii) variable lease payments based on the quantity of production volume in each month. However, the management assessed that the projected production quantity would not exceed the benchmark production quantity set out in the lease contract during the lease period, and in the opinion of the management of the Group, no impact from the variable lease payment component to the total lease payments is expected. No variable leases were paid for the year ended 31 December 2024 and 2023.

During the year ended 31 December 2023, the Group conducted an evaluation of its leased production facilities with the goal of cost optimization. As a result of this assessment, the subsidiary of the Company entered into a supplementary agreement with the lessor in 2023. This supplementary agreement stipulates a reduction in the lease area of the original lease, effective from 1 January 2024. The remaining lease period and the lease payment per square meter remain unchanged. As a result of the lease modification that decreased the scope of the lease, a gain on lease modification of RMB15,387,204 was recognised under "Other income, gains and losses, net" for the year ended 31 December 2023.

As a result of the impairment assessment of the recoverable amounts of the cash-generating units in the fertiliser products segment made by the management as disclosed in note 16, no impairment loss (2023: Nil) has been recognised on right-of-use assets for the year ended 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 17. RIGHT-OF-USE ASSETS *(continued)*

### The Group as a lessee *(continued)*

Notes: *(continued)*

(b) The balance represented a piece of land held by the Group under medium-term lease in the PRC.

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"). Direct costs incurred by the Group for obtaining the land use right certificate were recognised as additional cost of acquisition of the land use rights and to be reimbursed by the Acquirer. On 20 April 2020, the land use right certificate, which was obtained by the Group but due to the identity of the designated holder of the land use right certificate was yet to be determined by the Acquirer and there was no specific timeline for transferring the land use right certificate in accordance to the original agreement and subsequently, a supplemental agreement dated 10 March 2021, the land use right was yet to be transferred to the Acquirer as at 31 December 2020. On 8 December 2021, the Group signed a Demolition and Compensation Agreement with the People's Government of Hongmei Town, Dongguan City (the "People's Government"), whereby the Group will transfer the piece of land to the People's Government in exchange for another piece of land. Based on the terms under the agreement with the Acquirer, the Acquirer is not entitled to any compensation from the Group for not transferring the land use right under any conditions, but the Acquirer is entitled to a refund of advance payment of RMB13,329,852, which was included in other payables of the Group under note 27. As at 31 December 2024, the timing that the Group would replace and transfer the land to the People's Government is uncertain. The land is being depreciated over the term of the land use right.

As at 31 December 2024, the recoverable amount of the right-of-use asset was determined by reference to valuation carried out on a Market Value basis. Market Value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

The fair value of the land as at 31 December 2024 was estimated to be above its carrying amount. The fair value was determined by the directors of the Company, with reference to recent market prices of similar properties as inputs. At the end of the reporting period, no impairment of the right-of-use asset was considered necessary.

The fair value of the land was determined based on the market observable comparable prices of similar properties ranging from RMB1,050 to RMB1,350 per sq. m taking into account differences in locations and size. The higher the comparable prices, the higher the fair value of the land. The fair value was based on observable inputs other than unadjusted quoted prices and corroborated by observable market data, and is under level 3 fair value measurement hierarchy.

(c) The balance represented the upfront payments for leasehold lands under medium-term leases in the PRC for own use properties. The lease terms of the such leases are ranged from 13 years to 20 years with no extension options.

## 18. GOODWILL

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| Cost | | |
| At 1 January | **12,149,807** | 17,677,807 |
| Transfer to assets held for sale (note 7) | **–** | (5,528,000) |
| At 31 December | **12,149,807** | 12,149,807 |
| **Accumulated impairment losses** | | |
| At 1 January and 31 December | **(12,149,807)** | (12,149,807) |
| Carrying amount | **–** | – |

Goodwill acquired through business combination had been allocated to cash-generating units ("CGUs") in the elderly care and health care services segment and health care products (wine) segment.

For the purpose of impairment testing, the carrying amount of goodwill is identified as belonging to the following CGUs:

| | | 2024<br>RMB | 2023<br>RMB |
|---|---|---|---|
| (a) | Elderly care services, including leasing of elderly equipment | **–** | – |
| (b) | Health care products (wine) and related services ((presented as assets of disposed group classified as held for sale), see note 7) | **–** | 5,528,000 |
| | | **–** | 5,528,000 |

(a) The elderly care and health care services segment includes two CGUs, which are the elderly care services CGU and health care services CGU. The goodwill of gross carrying amount of RMB12,149,807 was allocated under the elderly care services CGU. The goodwill in the elderly care services CGU was fully impaired in the financial year ended 31 December 2021.

(b) The health care products (wine) segment comprises one CGU. The goodwill of gross carrying amount of RMB5,528,000 was allocated under the health care products (wine) CGU. The directors of the Company have resolved to dispose of the segment and the segment has been classified as a disposal group held for sale as at 31 December 2023. For details, see note 7. The goodwill, intangible assets and other assets belonging to this disposed group classified as held for sale as at 31 December 2023 are measured at the lower of their carrying amounts and the fair value less costs to sell. No impairment loss of the goodwill was recognised for the year ended 31 December 2023.

On 27 March 2024, the Company entered into a sales and purchase agreement with 上海泛濡投資合夥企業（有限合夥）("上海泛濡"), the previous vendor of a 82.76% equity interest of Shanghai Weidi. As stipulated in the agreement, the Group disposed back to 上海泛濡 the 82.76% equity interest of Shanghai Weidi at a consideration of RMB10,593,100, with RMB6,593,100 offset by the balances due to 上海泛濡 (note 27) and the remaining RMB4,000,000 will be settled by cash. The disposal has been completed during the year ended 31 December 2024. After the completion of the disposal, the Group lost control of Shanghai Weidi and the goodwill is Nil as at 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 19. INTANGIBLE ASSETS

| | Software application RMB | Licenses RMB | Total RMB |
|---|---|---|---|
| **Cost** | | | |
| At 1 January 2023 | 6,890,000 | 276,085,998 | 282,975,998 |
| Transferred to assets held for sale | (6,890,000) | – | (6,890,000) |
| At 31 December 2023 and 31 December 2024 | – | 276,085,998 | 276,085,998 |
| **Accumulated amortisation and impairment losses** | | | |
| At 1 January 2022 | 344,500 | 276,085,998 | 276,430,498 |
| Amortisation | 689,000 | – | 689,000 |
| Transferred to assets held for sale | (1,033,500) | – | (1,033,500) |
| At 31 December 2023 and 31 December 2024 | – | 276,085,998 | 276,085,998 |
| **Carrying amount** | | | |
| At 31 December 2024 | – | – | – |
| At 31 December 2023 | – | – | – |

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

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| (a) Elderly care services | – | – |
| (b) Health care products (wine) | – | 5,856,500 |
| | – | 5,856,500 |

## 19. INTANGIBLE ASSETS *(continued)*

The licenses and software application intangible assets were recognised upon the acquisitions of Shu Ju Ku Greater China Ltd ("SJKGC") and Shanghai Weidi respectively on 17 March 2017 and 8 July 2022 respectively at their fair values at the respective dates of acquisition. They were considered by the management of the Group as having a useful life of 16 years and 10 years respectively. The intangible assets are tested for impairment whenever there is an indication that they may be impaired.

### (a) Elderly care services CGU

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

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

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

There was no objective evidence of reversal of impairment loss of the licenses intangible asset in 2024 and 2023, hence no further impairment assessment was performed as at 31 December 2024 and 2023.

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

The software application intangible asset related to the customer system platform developed by a subsidiary acquired by the Group in 2022, Shanghai Weidi. The platform was used for trading and selling the wine and elderly health care products to the customers. The directors of the Company had resolved to dispose of the health care products (wine) segment and the segment had been classified as a disposal group held for sale as at 31 December 2023. For details, see note 7. The goodwill, intangible assets and other assets belonging to this disposal group classified as held for sale as at 31 December 2023 were measured at the lower of their carrying amounts and the fair value less costs to sell. No impairment loss of the intangible asset was recognised for the year ended 31 December 2023.

## 20. OTHER FINANCIAL ASSETS

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| At 1 January | – | 2,340,000 |
| Settlement from vendor | – | (1,394,975) |
| Loss on settlement | – | (945,025) |
| Investment (note 1) | – | – |
| At 31 December | – | – |

**Year ended 31 December 2024**

Note 1:

Upon the completion of disposal of 82.76% equity interest in Shanghai Weidi on 27 March 2024 as stated in note 34, the Group held 17.24% equity interest in Shanghai Weidi. The 17.24% equity interest in Shanghai Weidi was classified as fair value to profit or loss and its fair value is assessed as RMB Nil by an independent valuer based on market approach.

**For the year ended 31 December 2023**

Other financial assets relate to profit guarantee arising from acquisition of SJKGC which were at fair value.

Pursuant to the profit guarantee agreement agreed with the vendor, which a non-controlling interest in SJKGC, in accordance with the acquisition agreement of SJKGC, the Company was eligible to preferential appropriation of USD2,750,000 included in the profit of SJKGC for the years ended 31 December 2017, 2018 and 2019.

The audited profits after tax of SJKGC for both years ended 31 December 2019 and 2018 were below the profit guaranteed benchmark of USD5,390,000 for each year.

On 3 September 2019, the Company applied for arbitration (the “Arbitration”) to the Hong Kong International Arbitration Centre to claim the preferential cash dividends of USD2,750,000 for the year ended 31 December 2018 as warranted by the non-controlling interest of SJKGC as the preferential cash dividends were yet to be received by the Company. On 26 November 2019, an arbitrator was appointed. On 3 February 2020, a Procedural Order was issued by the arbitrator and circulated to the Company and the non-controlling interest, which listed out the timetable for pleadings, types of documents to be tendered and schedule of hearings.

## 20. OTHER FINANCIAL ASSETS *(continued)*

On 31 December 2020, the Group entered into a settlement agreement in respect of the above mentioned profit guarantee. Under the terms set out in the settlement agreement, (i) both parties agreed to extend the duration for the fulfilment of profit guarantee from three financial years to six financial years (2017, 2018, 2019, 2020, 2021 and 2022) and (ii) 2 alternative mechanisms were provided for fulfilment of the profit guarantee. Details of the revised terms of the profit guarantee arrangement were set out in the Announcement issued by the Company on 7 January 2021. On 26 March 2021, the Group had entered into a second settlement agreement that had suspended the previous settlement agreement dated 31 December 2020. Under the terms set out in the second settlement agreement, (i) both parties agreed to extend the duration for the fulfilment of profit guarantee from three financial years to six financial years (2017, 2018, 2019, 2020, 2021 and 2022) and (ii) 2 alternative mechanisms were provided for fulfilment of the profit guarantee and (iii) the settlement terms were revised by incorporating another mechanism for SJKGC to return the consideration shares as part of the settlement if neither of the 2 mechanisms could be fulfilled. Details of the revised terms in the profit guarantee arrangement were set out in the Announcement issued by the Company on 26 March 2021. The fair value of profit guarantee arising from acquisition of SJKGC at 31 December 2021 was determined based on valuation performed by independent professional qualified valuer and based on the latest revised terms as set out in the second settlement agreement. The fair value measurement of the profit guarantee was determined using the discounted cash flow technique, based on projections of future profits of SJKGC, contractual terms and performance probability of alternative mechanisms and default rate of 30% as estimated by the management of the Group.

On 1 August 2023, the Group entered into a final settlement agreement with SJKGC and the vendor. The parties agreed that the proceeds from the sale of the consideration shares on the market in the amount of RMB1,394,975 (equivalent to HK$1,515,289, being the proceeds from the sale of 23,312,133 shares of the Company at HK$0.065 per share) paid to the Company shall be the final settlement of compensation payable to the Company by the vendor. Upon payment of the said compensation, all rights and liabilities of the parties under the Acquisition and the Agreements (including the Amended and Restated Settlement Agreement, the Supplemental Share Purchase Agreement and the Amended and Restated Shareholders' Agreement) and documents shall be terminated, discharged and waived absolutely, thus a loss amounted to RMB945,025 was recognised for the year ended 31 December 2023.

## 21. INVENTORIES

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| Raw materials | **28,209,193** | 54,455,439 |
| Finished goods | **36,124,498** | 24,466,473 |
| Packaging materials | **11,377,339** | 13,872,321 |
| | **75,711,030** | 92,794,233 |
| Less: provision for inventory obsolescence | **(403,159)** | (2,337,684) |
| | **75,307,871** | 90,456,549 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 22. TRADE RECEIVABLES

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

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<br>RMB | 2023<br>RMB |
|---|---|---|
| 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 |
| | **10,818,520** | 8,776,649 |

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<br>RMB | 2023<br>RMB |
|---|---|---|
| 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 |
| At 31 December | **95,153,154** | 93,388,413 |

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.

## 22. TRADE RECEIVABLES *(continued)*

An impairment analysis was performed at 31 December 2024 and 2023 using a provision matrix to measure expected credit losses. The provision rates are based on aging from invoice date for groupings of various customer segments with similar loss patterns. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Details of credit risk assessment refer to note 37(a). 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:

| **2024** | **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 | **5.53%** | **5.83%** | **41.63%** | **99.97%** | |
| Gross carrying amount | **1,331,020** | **3,947,373** | **9,967,082** | **90,726,199** | **105,971,674** |
| Expected credit losses | **73,640** | **230,170** | **4,149,255** | **90,700,089** | **95,153,154** |

| 2023 | 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 | 16.50% | 12.71% | 20.43% | 99.12% | |
| Gross carrying amount | 1,923,007 | 4,345,193 | 3,218,782 | 92,678,080 | 102,165,062 |
| Expected credit losses | 317,386 | 552,148 | 657,653 | 91,861,226 | 93,388,413 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 23. PREPAYMENTS AND OTHER RECEIVABLES

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **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 (note (i)) | **16,354,312** | 21,141,470 |
| Less: allowance for doubtful debts (note (ii)) | **(12,863,773)** | (11,755,153) |
| | **3,490,539** | 9,386,317 |
| | **82,467,447** | 70,420,103 |
| **Non-current** | | |
| Deposits (note (iii)) | **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 the 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 RMB5,949,623 as at 31 December 2024 (2023: RMB5,949,623).

## 23. PREPAYMENTS AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

(ii) Allowance for doubtful debts:

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **At 1 January** | **11,755,153** | 10,048,190 |
| Allowance for impairment loss | **1,108,620** | 1,706,963 |
| At 31 December | **12,863,773** | 11,755,153 |

(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 淄博淄供三鮮農業發展有限公司, at a deposit of RMB180,000.

## 24. CASH AND CASH EQUIVALENTS

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| Cash at bank and in hand | **65,399,950** | 5,934,322 |
| Less: pledged bank deposits (note (i)) | **(40,000,000)** | – |
| Cash and cash equivalents | **25,399,950** | 5,934,322 |

Cash and bank balances earn interest at floating rates based on daily bank deposit rates. The carrying amounts of the cash and bank balances approximate their fair values.

As at 31 December 2024, the total cash and bank balances is RMB25,399,950 (2023: RMB5,934,322), which the amount denominated in RMB is RMB25,382,950 (2023: RMB5,846,673). RMB is not freely convertible into foreign currencies in the PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks authorised to conduct foreign exchange business.

Note:

(i) Bank deposits of RMB40,000,000 was pledged to secure short-term bank loans of RMB40,000,000 (note 28(iii)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 25. TRADE PAYABLES

| | 2024<br>RMB | 2023<br>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<br>RMB | 2023<br>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 |
| Trade payables | **8,931,678** | 16,106,709 |

### 26. CONTRACT LIABILITIES

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| Contract liabilities arising from: | | |
| Sale of biological compound fertiliser products | **77,747,402** | 78,840,206 |
| Health care products (wine) | **–** | 7,686,092 |
| | **77,747,402** | 86,526,298 |

Typical payment terms which impact on the amount of contract liabilities are as follows:

#### Sale of biological compound fertiliser products and health care products (wine)

It is a common practice for the Group to receive the contract sum in cash from its customers in advance of the transfer of goods. In such situation, contract liabilities would arise.

#### Elderly care and health care services

It is common practice for the Group to receive leasing of elderly equipment revenue from its customers in advance of the lease.

## 26. CONTRACT LIABILITIES *(continued)*

*Movements in contract liabilities*

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| Balance as at 1 January | **86,526,298** | 73,559,830 |
| Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year (note 8) | **(45,094,683)** | (33,465,176) |
| Increase in contract liabilities as a result of receipts in advance | **36,315,787** | 46,431,644 |
| Balance at 31 December | **77,747,402** | 86,526,298 |

## 27. OTHER PAYABLES AND ACCRUALS

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| Other payables (note (i)) | **31,008,970** | 19,913,118 |
| Amounts due to vendors of a subsidiary (note (ii)) | **2,206,900** | 8,800,000 |
| Accruals (note (iii)) | **6,278,834** | 2,469,531 |
| Receipts in advance (note (iv)) | **13,379,852** | 13,379,852 |
| Amounts due to directors (note (v)) | **315,000** | - |
| Payable to Social Security Fund (note (vi)) | **2,965,152** | 2,901,750 |
| | **56,154,708** | 47,464,251 |

Notes:

(i) Other payables are due to third party vendors relating to operating expenses, purchase of plant and equipment, social insurance funds, staff payroll, and an advance from third party of RMB2,350,000 for settling the compensation for destroying the ecosystem which bears interest at 12% per annum, and repayable on demand.

(ii) These relate to balances which were due to the previous vendors of a wholly owned subsidiary, Shanghai Weidi. The balances were unsecured, non-interest bearing and repayable on demand. During the year ended 31 December 2024, the amount of RMB6,593,100 owed by the Group to one of the vendor parties was settled by offset against the consideration payable by this party for reacquiring from the Group their original equity interests in Shanghai Weidi (see note 43 for details).

(iii) Accruals primarily consist of accrued wages and staff benefits, including staff allowances and travel expenses.

(iv) These relate to the deposits received from a purchaser for purchasing the land (see note 17 (b) for details).

(v) The balance was unsecured, non-interest bearing and repayable on demand.

(vi) Pursuant to the State-Owned Shares Reduction Regulations, for any issue of new shares by a joint stock limited company with state-owned shares, 10% of the amount raised by the allotment of new shares shall be payable to 全國社會保障基金理事會 (National Council for the Social Security Fund).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 28. BANK AND OTHER BORROWINGS

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **Current** | | |
| Interest bearing | | |
| Secured | | |
| – Short-term bank loans (note (i)) | 94,040,000 | 34,000,000 |
| – Current portion of long-term bank loans (note (i)) | – | 60,000 |
| Unsecured | | |
| – Short-term bank loans | 30,020,000 | 8,000,000 |
| – Short-term other loans (note (ii)) | 2,610,000 | 13,110,000 |
| | 126,670,000 | 55,170,000 |
| **Non-interest bearing** | | |
| Unsecured | | |
| – Short-term other loans (note (ii)) | 8,000,000 | – |
| | 134,670,000 | 55,170,000 |
| **Non-current** | | |
| Interest bearing | | |
| Secured | | |
| – Long-term bank loans (note (i)) | 14,870,000 | 9,920,000 |
| | 149,540,000 | 65,090,000 |
| **Effective interest rates** | | |
| Secured loans | 1.21%-10.00% | 3.30%-10% |
| Unsecured loans | 3.45% | 3.85% |

## 28. BANK AND OTHER BORROWINGS *(continued)*

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

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

Notes:

(i) The bank borrowings of RMB54,040,000 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. The remaining balances represented the borrowings from bank carried at interest of 1.21% per annum and secured by pledged bank deposits.

(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 RMB Nil (2023: RMB6.0 million) were guaranteed by a subsidiary's director, carried fixed interest rate of 12% per annum and repayable on demand, RMB Nil (2023: RMB4.5 million) carried fixed interest rate of 18% per annum and repayable on demand and 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) 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 29. LEASE LIABILITIES

Movement of the Group's lease liabilities is analysed as follows:

| | **2024** **RMB** | 2023 RMB |
|---|---|---|
| As at 1 January | **11,874,228** | 39,212,355 |
| Interest expense | **448,826** | 1,003,840 |
| Modification of lease contract | **–** | (26,616,967) |
| Lease payments | **(1,947,800)** | (17,250,000) |
| As at 31 December | **10,375,254** | 11,874,228 |

As disclosed in note 17(a), during the year ended 31 December 2023, the original lease area covered by the lease agreement to which the lease liabilities of the Group relate was significantly reduced through a supplementary agreement signed with the lessor in 2023. As a result of the lease modification that decreased the scope of the lease, the Group remeasured the lease liabilities to reflect the partial termination of the lease.

The future lease payments of the Group's leases (excluding short-term leases) were scheduled to repay as follows:

| | **2024** **RMB** | 2023 RMB |
|---|---|---|
| **Minimum lease payments** | | |
| Not later than one year | **1,947,801** | 1,947,801 |
| Later than one year and not later than two years | **1,947,801** | 1,947,801 |
| Later than two years and not later than five years | **5,843,401** | 5,843,401 |
| Over five years | **2,135,225** | 3,895,597 |
| | **11,874,228** | 13,634,600 |
| Less: Interest payment | **(1,498,974)** | (1,760,372) |
| | **10,375,254** | 11,874,228 |

## 29. LEASE LIABILITIES *(continued)*

The present value of future lease payments of the Group's leases is analysed as:

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| Current | **1,561,379** | 1,498,976 |
| Non-current | **8,813,875** | 10,375,252 |
| As at 31 December | **10,375,254** | 11,874,228 |

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| Short term lease expense | **313,488** | 1,481,968 |

## 30. DEFERRED TAX

The following are the deferred tax liabilities recognised by the Group and movements thereon during the year:

| | **Right-of-use assets** RMB |
|---|---|
| At 1 January 2023 | 2,563,589 |
| Credited to profit or loss | (1,002,505) |
| At 31 December 2023 and 1 January 2024 | 1,561,084 |
| Credited to profit or loss | (223,012) |
| At 31 December 2024 | 1,338,072 |

**Reconciliation to the consolidated statement of financial position:**

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| Deferred tax liabilities | **1,338,072** | 1,561,084 |

As at 31 December 2024, the Group has deductible temporary differences of RMB10,375,254 (2023: RMB11,874,228) in relation to lease liabilities. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilized.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 31. SHARE CAPITAL

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

| | 2024 Number (million) | 2024 RMB | 2023 Number (million) | 2023 RMB |
|---|---|---|---|---|
| Ordinary shares of RMB0.10 each: | | | | |
| **Domestic shares** | | | | |
| At 1 January and 31 December | **698** | **69,750,000** | 698 | 69,750,000 |
| **H shares** | | | | |
| At 1 January and 31 December | **1,197** | **119,700,000** | 1,197 | 119,700,000 |
| Total at 31 December | **1,895** | **189,450,000** | 1,895 | 189,450,000 |

Note:

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

**(b)** Movements in the Group's reserves are set out in the consolidated statement of changes in equity.

**(c)** No share options had been granted by the Company under its share option scheme (the "Scheme") since its adoption. At 31 December 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).

## 32. RESERVES

| | Share premium RMB (Note (i)) | Capital reserve RMB (Note (ii)) | Accumulated losses RMB (Note (iii)) | Other reserve RMB (Note (iv)) | Total RMB |
|---|---|---|---|---|---|
| **The Company** | | | | | |
| At 1 January 2023 | 275,317,438 | (2,312,483) | (360,180,724) | (42,216,703) | (129,392,472) |
| Loss and total comprehensive expense for the year | – | – | (86,657,691) | – | (86,657,691) |
| Deemed contribution arising from imputed interest on amounts due from subsidiaries | – | – | – | (236,483) | (236,483) |
| At 31 December 2023 and 1 January 2024 | 275,317,438 | (2,312,483) | (446,838,415) | (42,453,186) | (216,286,646) |
| Loss and total comprehensive expense for the year | – | – | (4,899,570) | – | (4,899,570) |
| Deemed contribution arising from imputed interest on amounts due from subsidiaries | – | – | – | (2,512,790) | (2,512,790) |
| At 31 December 2024 | 275,317,438 | (2,312,483) | (451,737,985) | (44,965,976) | (223,699,006) |

Notes:

**(i) Share premium**

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

**(ii) Capital reserve**

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

**(iii) Accumulated losses**

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

**(iv) Other reserve**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 33. NON-CONTROLLING INTERESTS

### Summarised financial information in respect of subsidiaries with material non-controlling interest:

As at and for the years ended 31 December 2024 and 2023, the non-controlling interests ("NCI") was mainly attributable to 49% of Shandong Fulilong, 49% of SJKGC and 30% of Shanghai Muling. The NCI is recorded at its proportionate share of the subsidiaries' identifiable net assets.

Summarised financial information in relation to the subsidiaries with material NCI, before intra-group elimination, is presented below:

*(a) Shandong Fulilong*

| | **2024 RMB** | 2023 RMB |
|---|---|---|
| **For the year ended 31 December** | | |
| Revenue | **366,282,446** | 383,316,849 |
| (Loss)/profit for the year | **(17,025,055)** | 3,335,027 |
| Total comprehensive (expense)/income for the year | **(17,025,055)** | 3,335,027 |
| (Loss)/profit and total comprehensive (expense)/income allocated to NCI | **(8,342,277)** | 1,634,163 |
| **For the year ended 31 December** | | |
| Cash flows generated from/(used in) operating activities | **39,080,178** | (7,572,511) |
| Cash flows used in investing activities | **(1,855,323)** | (2,218,499) |
| Cash flows generated from financing activities | **12,950,000** | 4,980,000 |
| Net cash inflow/(outflow) | **50,174,855** | (4,811,010) |

## 33. NON-CONTROLLING INTERESTS *(continued)*

### Summarised financial information in respect of subsidiaries with material non-controlling interest: *(continued)*

*(a) Shandong Fulilong (continued)*

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **As at 31 December** | | |
| Current assets | **187,225,327** | 140,476,406 |
| Non-current assets | **75,393,406** | 83,590,142 |
| Current liabilities | **(223,557,184)** | (172,929,945) |
| Non-current liabilities | **(14,870,000)** | (9,920,000) |
| Net assets | **24,191,549** | 41,216,603 |
| Accumulated non-controlling interests | **11,853,859** | 20,196,135 |

*(b) Shu Ju Ku Greater China*

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **For the year ended 31 December** | | |
| Revenue | **–** | – |
| Loss for the year | **–** | (49,750) |
| Total comprehensive expense for the year | **–** | (49,750) |
| Loss and total comprehensive expense allocated to NCI | **–** | (24,378) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 33. NON-CONTROLLING INTERESTS *(continued)*

**Summarised financial information in respect of subsidiaries with material non-controlling interest:** *(continued)*

*(b) Shu Ju Ku Greater China (continued)*

| | 2024 RMB | 2023 RMB |
|---|---|---|
| **For the year ended 31 December** | | |
| Cash flows generated from operating activities and net cash inflow | **–** | – |
| **As at 31 December** | | |
| Current assets | **6,622,106** | 6,622,106 |
| Current liabilities | **(20,752,503)** | (20,752,503) |
| Net liabilities | **(14,130,397)** | (14,130,397) |
| Accumulated non-controlling interests | **(6,923,895)** | (6,923,895) |

*(c) Shanghai Muling*

| | 2024 RMB | 2023 RMB |
|---|---|---|
| **For the year ended 31 December** | | |
| Revenue | **635,414** | 574,035 |
| Profit for the year | **16,559** | 6,598,645 |
| Total comprehensive income for the year | **16,559** | 6,598,645 |
| Profit and total comprehensive income allocated to NCI | **4,968** | 1,979,594 |
| **For the year ended 31 December** | | |
| Cash flows generated from/(used in) operating activities | **483,571** | (304,401) |
| Cash flows (used in)/generated from investing activities | **(556)** | 404,885 |
| Cash flows generated from financing activities | **–** | – |
| Net cash inflow | **483,015** | 100,484 |

## 33. NON-CONTROLLING INTERESTS *(continued)*

### Summarised financial information in respect of subsidiaries with material non-controlling interest: *(continued)*

*(c) Shanghai Muling (continued)*

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **As at 31 December** | | |
| Current assets | **5,411,468** | 4,876,301 |
| Non-current assets | **111,107** | 205,787 |
| Current liabilities | **(986,228)** | (562,299) |
| Net assets | **4,536,347** | 4,519,789 |
| Accumulated non-controlling interests | **1,360,904** | 1,355,937 |

## 34. DISPOSAL OF A SUBSIDIARY

On 27 March 2024, the Group disposed 82.76% equity interest of Shanghai Weidi to 上海泛漓投資合夥企業（有限合夥）(“上海泛漓”), the previous vendor of a wholly owned subsidiary, Shanghai Weidi, at a consideration of RMB10,593,100, with RMB6,593,100 offset by the balances due to 上海泛漓 and the remaining RMB4,000,000 to be settled in cash. Upon the completion of disposal on 27 March 2024, the Group still have 17.24% equity interest of Shanghai Weidi but the Group has lost control of Shanghai Weidi. The fair value of 17.24% equity interest of Shanghai Weidi held by the Group is estimated at nil amount and accounted for as other financial assets at fair value through profit or loss under non-current assets (Note 20). The net assets of the disposed subsidiary were as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 34. DISPOSAL OF A SUBSIDIARY *(continued)*

Analysis of assets and liabilities over which control was lost:

| | RMB |
|---|---|
| Goodwill | 5,528,000 |
| Intangible assets | 5,418,750 |
| Inventories | 100,885 |
| Trade and other receivables | 3,208,028 |
| Cash and cash equivalents | 56,205 |
| Prepayment | 8,208,000 |
| Contract liabilities | (7,792,445) |
| Trade and other payables | (10,221,099) |
| | 4,506,324 |
| **Analysis of gain or loss on disposal:** | |
| Consideration receivable, gross amount | 10,593,100 |
| Less: Impairment allowance recognised at initial recognition of consideration receivable | (4,000,000) |
| | 6,593,100 |
| Net assets of subsidiary being disposed | (4,506,324) |
| Gain recognised upon disposal of subsidiary | 2,086,776 |
| **Analysis of cash and cash equivalents in respect of the disposal:** | |
| Cash consideration received | – |
| Bank balances and cash being disposed | (56,205) |
| Net cash outflow on disposal of subsidiary | (56,205) |

## 35. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Except for those transactions disclosed elsewhere in these financial statements, the related party transactions of the Group for the years ended 31 December 2024 and 2023 are the remuneration of key management personnel during the year, which comprised only the executive and non-executive directors whose remuneration is set out in note 15 to the consolidated financial statements.

## 36. CAPITAL RISK MANAGEMENT

The Group's primary objective when managing capital is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure to maintain a balance between higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of a net debt-to-adjusted capital ratio. For this purpose the Group defines net debt as total debt (which includes bank and other borrowings), less cash and cash equivalents. Adjusted capital comprises all components of equity. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The net debt-to-adjusted equity ratio at 31 December 2024 and 2023 was as follows:

| | **2024**<br>**RMB** | 2023<br>RMB |
|---|---|---|
| Total debts – Bank and other borrowings | **149,540,000** | 65,090,000 |
| Less: Cash and bank equivalents | **(25,399,950)** | (5,934,322) |
| Net debt | **124,140,050** | 59,155,678 |
| Total equity | **28,439,935** | 64,579,485 |
| Net debt-to-adjusted equity ratio | **436.5%** | 91.6% |

## 37. FINANCIAL RISK MANAGEMENT

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The main risks arising from the Group's financial instruments in the normal course of the Group's business are credit risk, liquidity risk and interest rate risk.

These risks are limited by the Group's financial management policies and practices described below.

### (a) Credit risk

The Group's credit risk is primarily attributable to its trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade receivables, credit evaluation is performed based on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade receivables. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry in which customers operate also has an influence on credit risk but to a lesser extent. At the end of the reporting period, the Group has a certain concentration of credit risk as 56% (2023: 45%) and 80% (2023: 92%) of the total carrying amount of trade receivables was due from the top one and the top five balances respectively, which are in the fertilizer industry. For elderly care and health care services and health care products (wine), no material credit risk is noted as there is no material trade receivables balance at the end of the reporting period. The quantitative assessment of expected credit losses of trade receivable is set out in note 22 of the consolidated financial statements.

The Group determined that other receivables do not have low credit risk at reporting date and there is significant increase in credit risk since initial recognition (as it is credit impaired due to extension of expiry date), which the ECLs is recognised at lifetime basis. As such, other receivables are assessed for impairment individually at each reporting date and accumulated impairment losses of the Group amounting to approximately RMB12.9 million (2023: RMB11.8 million) has been made as at 31 December 2024. The individually impaired receivables are recognised based on the indication of financial difficulties and default in payments. Consequently, specific impairment provision was recognised. The other receivables are non-interest bearing and the Group does not hold any collateral over these balances.

## 37. FINANCIAL RISK MANAGEMENT *(continued)*

### (b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of reporting period of the Group's non-derivative financial liabilities which are based on contractual undiscounted cash flows and the earliest date the Group can be required to pay:

| | Carrying amount RMB | Total contractual undiscounted cash flows RMB | Within 1 year or on demand RMB | More than 1 year RMB |
|---|---|---|---|---|
| **2024** | | | | |
| Bank and other borrowings | **149,540,000** | **152,223,975** | **136,581,347** | **15,642,628** |
| Trade payables | **8,931,678** | **8,931,678** | **8,931,678** | **–** |
| Other payables and accruals (excluding receipts in advance) | **42,774,856** | **42,774,856** | **42,774,856** | **–** |
| Lease liabilities | **10,375,254** | **11,874,228** | **1,947,801** | **9,926,427** |
| | **211,621,788** | **215,804,737** | **190,235,682** | **25,569,055** |
| **2023** | | | | |
| Bank and other borrowings | 65,090,000 | 67,331,718 | 56,530,783 | 10,800,935 |
| Trade payables | 16,106,709 | 16,106,709 | 16,106,709 | – |
| Other payables and accruals (excluding receipts in advance) | 34,084,399 | 34,084,399 | 34,084,399 | – |
| Lease liabilities | 11,874,228 | 13,634,600 | 1,947,801 | 11,686,799 |
| | 127,155,336 | 131,157,426 | 108,669,692 | 22,487,734 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 37. FINANCIAL RISK MANAGEMENT *(continued)*

### (c) Interest rate risk

The Group's interest rate risk arises primarily from bank and other borrowings and lease liabilities. Bank and other borrowings were issued at fixed rates for years ended 31 December 2024 and 2023, which exposed the Group to fair value interest rate risk. The Group has no significant interest-bearing assets apart from cash and bank deposits. The Group has not used any financial instruments to hedge potential fluctuations in interest rates.

The following table details the interest rate profile of the Group's borrowings at the end of reporting period.

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Effective interest rate % per annum | RMB | Effective interest rate % per annum | RMB |
| **Borrowings** | | | | |
| Fixed rate borrowings | 3.30%-18.00% | 149,540,000 | 3.30%-18.00% | 65,090,000 |
| Lease liabilities | 4.00%-6.65% | 10,375,254 | 4.00%-6.65% | 11,874,228 |
| | | 159,915,254 | | 76,964,228 |

No sensitivity analysis of effects of changes in interest rates is presented as the Group does not have significant exposure to cash flow interest rate risk.

### (d) Currency risk

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.

## 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

### (i) Financial instruments not measured at fair value

Summarised in the following table are the carrying amounts of financial assets and financial liabilities not measured at fair value, which include cash and cash equivalents, trade receivables, other receivables, trade payables, other payables and accruals (excluding receipts in advance) and bank and other borrowings. Due to their short-term nature, the carrying values of cash and cash equivalents, trade and other receivables, trade payables, other payables and accruals and bank and other borrowings approximate their fair values, and accordingly no disclosure of the fair values of these items is presented. Disclosure of fair value of lease liabilities is not required.

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **Financial assets** | | |
| Amortised cost | | |
| – Cash and bank balances | **25,399,950** | 5,934,322 |
| – Pledged bank deposits | **40,000,000** | – |
| – Trade receivables | **10,818,520** | 8,776,649 |
| – Other receivables | **3,490,539** | 9,386,317 |
| | **79,709,009** | 24,097,288 |
| **Financial liabilities** | | |
| Amortised cost | | |
| – Bank and other borrowings | **149,540,000** | 65,090,000 |
| – Trade payables | **8,931,678** | 16,106,709 |
| – Other payables and accruals (excluding receipts in advance) | **42,774,856** | 34,084,399 |
| | **201,246,534** | 115,281,108 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 38. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(continued)*

#### (ii) Financial instruments measured at fair value

The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

The level in the fair value hierarchy within which the financial instrument is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

*Profit guarantee/receivable arising from profit guarantee*

| | **2024**<br>**RMB** | 2023<br>RMB |
|---|---|---|
| At beginning of the year | – | 2,340,000 |
| Settlement from vendor | – | (1,394,975) |
| Loss on settlement | – | (945,025) |
| At end of the year | – | – |
| Gain or loss recognised in consolidated profit or loss relating to financial instruments held by the Group at the reporting date | – | – |

The fair value of receivable arising from profit guarantee as at 31 December 2023 was determined based on the market value of consideration shares and adjusted for the probability of counterparty default which was unobservable.

## 39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | Bank and other borrowings RMB | Lease liabilities RMB | Loan from a related party RMB |
|---|---|---|---|
| At 1 January 2023 | 56,700,000 | 39,212,355 | 100,000 |
| Modification of lease contract | – | (26,616,967) | – |
| Interest expenses | 3,989,074 | 1,003,840 | – |
| Changes from cash flows: | | | |
| Operating cash flow – interest paid | (3,989,074) | (1,003,840) | – |
| Proceeds from new bank and other borrowings | 90,990,000 | – | – |
| Repayment of bank borrowings | (82,600,000) | – | (100,000) |
| Repayment of lease liabilities – principal portion | – | (721,160) | – |
| Total changes from financing cash flows: | 8,390,000 | (721,160) | (100,000) |
| At 31 December 2023 and 1 January 2024 | 65,090,000 | 11,874,228 | – |
| Interest expenses | 4,132,174 | 448,826 | – |
| Changes from cash flows: | | | |
| Operating cash flow – interest paid | (4,132,174) | (448,826) | – |
| Proceeds from new bank and other borrowings | 147,000,000 | – | – |
| Repayment of bank and other borrowings | (62,550,000) | – | – |
| Repayment of lease liabilities – principal portion | – | (1,498,974) | – |
| Total changes from financing cash flows: | 84,450,000 | (1,498,974) | – |
| At 31 December 2024 | 149,540,000 | 10,375,254 | – |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 40. PARTICULARS OF SUBSIDIARIES

Particulars of the Group's subsidiaries as at 31 December 2024 are as follows:

| | Form of business structure | Place of incorporation/ establishment | Attributable equity interest held by the Group | | Place of operation and principal activities |
|---|---|---|---|---|---|
| | | | Directly | Indirectly | |
| Fulilong (Shandong) Fertilisers Co., Ltd. [2] ("Shandong Fulilong") | Corporation | PRC | – | 51% | Principally engaged in the research, development, manufacture and sales of biological compound fertilisers |
| Guangdong Fulilong Compound Fertilisers Co., Ltd. [2] ("Guangdong Fulilong") | Corporation | PRC | 100% | – | Principally engaged in the research, development, manufacture and sales of biological compound fertilisers |
| Ningxia Hongdi Biotechnology Co., Ltd. [2] ("Ningxia Hongdi") | Corporation | PRC | 100% | – | Principally engaged in the research, development, manufacture and application of biomedical science and technology projects, and provision of electroencephalography ("EEG") diagnosis detection service in the PRC |
| HONGKONG TEDA Biomedical Investment Limited ("HK Investment") | Corporation | Hong Kong | – | 100% | Principally engaged in exploring investment projects and the licencing of EEG detection service |
| Guangdong Fulilong Soil Conditioning and Remediation Institute [2] ("Guangdong Institute") | Non-enterprise organisation | PRC | – | 100% | Principally engaged in conducting regional soil resources conditioning and remediation research, and soil environmental quality standards research |
| Shanghai Muling Elderly Care Investment Management Company Ltd. [2] ("Shanghai Muling") | Corporation | PRC | 70% | – | Principally engaged in the provision of elderly care consulting, advisory, management and assessment services and research and development of elderly care business |

## 40. PARTICULARS OF SUBSIDIARIES *(continued)*

Particulars of the Group's subsidiaries as at 31 December 2024 are as follows: *(continued)*

| | Form of business structure | Place of incorporation/ establishment | Attributable equity interest held by the Group | | Place of operation and principal activities |
|---|---|---|---|---|---|
| | | | Directly | Indirectly | |
| Shu Ju Ku Greater China Ltd. ("SJKGC") | Corporation | Cayman Islands | – | 51% | Principally conducting quantitative EEG detection and diagnosis technology to carry out related product and service |
| TEDA Health Management Services (Dongguan) Company Limited [2] ("Dongguan Health") | Corporation | PRC | 100% | – | Principally engaged in elderly care services and health consulting services |

Notes:

1 None of the subsidiaries had issued any debt securities at the end of the year.

2 English translation is for identification purpose only.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

### 41. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

| | 2024<br>RMB | 2023<br>RMB |
|---|---|---|
| **Non-current assets** | | |
| Investments in subsidiaries | – | – |
| Amounts due from subsidiaries | 24,515,024 | 27,027,814 |
| | 24,515,024 | 27,027,814 |
| **Current assets** | | |
| Prepayments and other receivables | 6,935,477 | 3,699,137 |
| Cash and cash equivalents | 121,876 | 737,739 |
| | 7,075,353 | 4,436,876 |
| **Current liability** | | |
| Amounts due to subsidiaries | 49,005,177 | 37,592,476 |
| Amounts due to related parties | – | 6,593,100 |
| Amount due to a director | 315,000 | – |
| Bank and other borrowings | 2,610,000 | 2,610,000 |
| Other payables and accruals | 13,909,206 | 11,505,760 |
| | 65,839,383 | 58,301,336 |
| **Net current liabilities** | (58,764,030) | (53,864,460) |
| **Net liabilities** | (34,249,006) | (26,836,646) |
| **Capital and reserves** | | |
| Share capital | 189,450,000 | 189,450,000 |
| Reserves | (223,699,006) | (216,286,646) |
| **Total deficit** | (34,249,006) | (26,836,646) |

Approved and authorised for issue by the Board of Directors on 31 March 2025 and are signed on its behalf by.

**Sun Li**
*Director*

**He Xin**
*Director*

## 42. 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 上海泛漓, an independent third party, has been settled during the year ended 31 December 2024 under a settlement agreement (notes 27(ii) and 42), 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 as stated in note 34) 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 (note 27 (ii)) 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 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.

## 43. EVENT AFTER THE REPORTING PERIOD

As stated in note 18, the Group disposed back to 上海泛漓 in the year ended 31 December 2024 the 82.76% equity interest of Shanghai Weidi at a consideration of RMB10,593,100, with RMB6,593,100 offset by the balances due by the Group to 上海泛漓 (note 27) and the remaining RMB4,000,000 will be settled by cash. As per agreement, 上海泛漓 is obliged to settle the amount on or before 30 September 2024. As at 31 December 2024, the balance was still not settled by 上海泛漓. On 10 January 2025, the civil judgment was granted by the court in PRC that 上海泛漓 is required to settle the consideration amount RMB4,000,000 and to compensate the lawyer fee RMB2,000 within 10 days of the date of the civil judgment. Also, 上海泛漓 is required to pay additional compensation to the Company, using the base of RMB4,000,000, with interest rate of 5.025%, charging from 1 October 2024.

On 16 January 2025, the Company entered into subscription agreements with H shares subscribers who agreed to subscribe for an aggregate of not more than 239,400,000 new H shares of the Company at HK$0.265 per share, represent approximately 12.64% of the existing issued share capital and 20% of the existing issued H Shares of the Company as at 16 January 2025 and approximately 11.22% of the issued share capital and approximately 16.67% of the issued H Shares of the Company as enlarged by the allotment and issue of all the placing shares. The subscription agreements have been approved by the Company's shareholders in the shareholders' meeting on 16 January 2025.

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 placing fees were received by the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 43. EVENT AFTER THE REPORTING PERIOD *(continued)*

On 6 January 2025, a wholly owned subsidiary of the Group, 寧夏弘迪生物科技有限公司 ("寧夏弘迪") entered into an agreement with three other independent third parties to set up a company, 北京博雅全健智算科技有限公司 ("北京博雅"), in which 寧夏弘迪 holds 60% of equity interest of 北京博雅 and the total capital amount of RMB12,000,000 will be injected to 北京博雅 on 5 January 2030. The subsidiary incorporated in PRC and it is principally engaged in the scientific investigation and related technical services.

On 10 February 2025, the Company set up a subsidiary, 寧夏弘昕電子科技有限公司, in which the Company hold 80% of shareholdings out of total equity interest of RMB25,000,000, while the remaining 20% are held by a minority shareholder. The subsidiary incorporated in PRC and it is principally engaged in the scientific investigation and related technical services.

## 44. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2025.