



天津泰達生物醫學工程股份有限公司

**Tianjin TEDA Biomedical Engineering Company Limited**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 8189)**

## **ANNOUNCEMENT ON HALF-YEARLY RESULTS FOR 2018**

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

## **HIGHLIGHTS**

- Consolidated turnover of the Group for the six months ended 30 June 2018 amounted to RMB176,221,094, representing an 11.85% increase as compared to the same period of last year (30 June 2017: RMB157,551,363).
- Consolidated gross profit of the Group for the six months ended 30 June 2018 amounted to RMB28,510,763, representing a 30.35% increase as compared to the same period of last year (30 June 2017: RMB21,873,195).
- Loss attributable to the equity owners of the Company for the six months ended 30 June 2018 was RMB8,185,599 (30 June 2017: loss of RMB5,805,526); loss per share of the Company was RMB0.467 cents (30 June 2017: loss per share of RMB0.358 cents).
- The Board does not recommend the payment of dividend for the six months ended 30 June 2018.

## HALF-YEARLY RESULTS (UNAUDITED)

The board of directors (the “Board”) of Tianjin TEDA Biomedical Engineering Company Limited (the “Company”) is pleased to announce the unaudited half-yearly results of the Company and its subsidiaries (hereafter collectively referred to as the “Group”) for the six months ended 30 June 2018, together with the comparative figures of the corresponding period in 2017 as follows:

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
		2018 <i>RMB</i>	2017 <i>RMB</i>	2018 <i>RMB</i>	2017 <i>RMB</i>
Revenue	2	176,221,094	157,551,363	93,704,740	90,376,770
Cost of sales		<u>(147,700,331)</u>	<u>(135,678,168)</u>	<u>(74,886,180)</u>	<u>(77,816,419)</u>
Gross profit		28,510,763	21,873,195	18,818,560	12,560,351
Other expenses and net loss/Income		(896,039)	(182,077)	43,977	216,746
Selling and distribution costs		(11,960,597)	(6,461,881)	(6,113,208)	(3,272,160)
R&D and administrative expenses		(19,239,128)	(18,445,059)	(9,835,543)	(10,450,925)
Finance costs	3	<u>(1,827,771)</u>	<u>(1,812,667)</u>	<u>(786,047)</u>	<u>(983,491)</u>
(Loss)/profit before taxation	4	(5,412,772)	(5,028,489)	2,217,739	(1,929,479)
Income tax	5	(182,060)	(691,200)	(182,060)	(351,662)
<b>(Loss)/profit for the period</b>		<u>(5,594,832)</u>	<u>(5,719,689)</u>	<u>1,945,679</u>	<u>(2,281,141)</u>
<b>Attributable to:</b>					
Owners of the Company					
– Loss for the period		<u>(8,185,599)</u>	<u>(5,805,526)</u>	<u>(1,320,823)</u>	<u>(2,866,388)</u>
Non-controlling interests					
– Profit for the period		<u>2,590,767</u>	<u>85,837</u>	<u>3,266,502</u>	<u>585,247</u>
Loss per share-Basic ( <i>RMB</i> )	6	<u>(0.467) cents</u>	<u>(0.358) cents</u>	<u>(0.075) cents</u>	<u>(0.177) cents</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

		<b>30-Jun-18</b>	31-Dec-17
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>RMB</b>	<b>RMB</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	<b>67,509,543</b>	69,898,228
Goodwill		<b>12,149,807</b>	12,149,807
Intangible asset		<b>253,535,861</b>	262,145,201
Interest in an associate		<b>11,768,314</b>	13,452,085
Prepaid land lease payments		<b>10,589,604</b>	10,686,887
Prepayments and other receivables		<b>12,274,365</b>	12,274,365
Amount due from an associate		<b>10,804,698</b>	11,389,137
Other financial assets		<b>8,263,711</b>	8,263,711
		<b><u>386,895,903</u></b>	<u>400,259,421</u>
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		<b>114,421,914</b>	92,699,923
Trade and bills receivables	8	<b>132,027,643</b>	107,490,288
Prepayments and other receivables	9	<b>102,590,064</b>	69,342,030
Amount due from an associate		–	493,907
Cash and bank balances		<b>52,979,680</b>	37,592,277
		<b><u>402,019,301</u></b>	<u>307,618,425</u>
<b>Total current assets</b>			
<b>Total assets</b>			
		<b><u>788,915,204</u></b>	<u>707,877,846</u>
<b>Current liabilities</b>			
Trade payables	10	<b>47,720,636</b>	22,123,954
Other payables and accruals	11	<b>45,389,919</b>	41,566,505
Amount due to a director		<b>50,000</b>	50,000
Amount due to a shareholder		<b>7,512,595</b>	2,512,595
Other financial liabilities		<b>26,133,200</b>	26,633,200
Current tax liabilities		<b>103,495</b>	191,801
Bank borrowings		<b>52,500,000</b>	40,000,000

		<b>30-Jun-18</b>	31-Dec-17
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>RMB</b>	<b>RMB</b>
<b>Total current liabilities</b>		<u><b>179,409,845</b></u>	<u>133,078,055</u>
<b>Net current assets</b>		<u><b>222,609,456</b></u>	<u>174,540,370</u>
<b>Total assets less current liabilities</b>		<u><b>609,505,359</b></u>	<u>574,799,791</u>
<b>Net Assets</b>		<u><b>609,505,359</b></u>	<u>574,799,791</u>
<b>Capital and reserves attributable to owners of the Company</b>			
Share capital	<i>12</i>	<b>189,450,000</b>	169,500,000
Reserves		<u><b>265,618,763</b></u>	<u>253,453,962</u>
Equity attributable to owners of the company		<b>455,068,763</b>	422,953,962
<b>Non-controlling interests</b>		<u><b>154,436,596</b></u>	<u>151,845,829</u>
<b>Total equity</b>		<u><b>609,505,359</b></u>	<u>574,799,791</u>

# CONDENSED CONSOLIDATED CASH STATEMENT

For the six months ended 30 June

	2018 Unaudited RMB	2017 Unaudited RMB
<b>Cash flows from operating activities</b>		
Cash used in operation	(30,731,328)	(40,361,740)
Interests received	8,344	75,515
Income tax paid	(347,401)	(2,259,303)
Interests paid	(1,812,889)	(1,143,292)
	<u>(32,883,274)</u>	<u>(43,688,820)</u>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(4,062,067)	(2,789,356)
Payment of construction in progress	(500,000)	(592,084)
Sales of property, plant and equipment	24,000	160,001
Interest received	8,344	75,515
Purchase of subsidiaries	–	(24,160,400)
	<u>(4,529,723)</u>	<u>(27,306,324)</u>
<b>CASH FLOWS FINANCING ACTIVITIES</b>		
Issue of shares	40,300,400	–
Proceeds from short-term/long-term bank borrowing	33,200,000	5,000,000
Repayment of short-term bank borrowings	(20,700,000)	–
Net cash used in financing activities	<u>52,800,400</u>	<u>5,000,000</u>
<b>NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES</b>	<b>15,387,403</b>	<b>(65,995,144)</b>
<b>CASH AND BANK BALANCES</b>		
<b>AT THE BEGINNING OF THE PERIOD</b>	<u><b>37,592,277</b></u>	<u><b>85,743,326</b></u>
<b>CASH AND BANK BALANCES AT THE END OF THE PERIOD</b>	<u><b>52,979,680</b></u>	<u><b>19,748,182</b></u>

Notes:

## 1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Financial Reporting Standards, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”). In the current period, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKAS”) (collectively “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants which are relevant to its operations and effective for accounting periods beginning on or after 1 January 2011. The application of the new HKFRSs has had no material impact on the Group’s unaudited results of operations and financial position. The financial statements have been prepared on a going concern basis, assuming that the Group will continue to operate as a going concern. The validity of the Group’s ability to continue as a going concern depends on the success of the Group’s future operations. Consequently, the Directors have prepared the unaudited quarterly results for the three months ended 30 June 2018 on the going concern basis. The principal accounting policies adopted are consistent with those used in the preparation of the Group’s annual financial statements for the year ended 31 December 2017.

## 2. REVENUE

Revenue, which is also the Group’s revenue, represents the invoiced value of goods sold to customers after any allowance and discounts and is analysed as follows:

	For the six months ended 30 June		For the three months ended 30 June	
	2018 RMB	2017 RMB	2018 RMB	2017 RMB
Fertilizer products	167,899,813	155,832,903	86,037,801	88,658,310
Elderly care and health care services	8,311,281	1,718,460	7,666,939	1,718,460
	<u>176,211,094</u>	<u>157,551,363</u>	<u>93,704,740</u>	<u>90,376,770</u>

### 3. FINANCE EXPENSE

	For the six months		For the three months	
	ended 30 June		ended 30 June	
	2018	2017	2018	2017
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Interest expense on bank loans and bank charges	<u>1,827,771</u>	<u>1,812,667</u>	<u>786,047</u>	<u>983,491</u>
	<u><b>1,827,771</b></u>	<u><b>1,812,667</b></u>	<u><b>786,047</b></u>	<u><b>983,491</b></u>

### 4. LOSS BEFORE TAX

	For the six months	
	ended 30 June	
	2018	2017
	<i>RMB</i>	<i>RMB</i>
Depreciation of property, plant and equipment	<u>3,596,896</u>	<u>2,515,352</u>
	<u><b>3,596,896</b></u>	<u><b>2,515,352</b></u>
Amortization of intangible asset	<u>4,390,764</u>	<u>4,411,714</u>
	<u><b>4,390,764</b></u>	<u><b>4,411,714</b></u>

### 5. TAXATION

#### (a) Enterprise income tax (“EIT”)

Pursuant to the income tax rules and regulations of the PRC, the income tax of the company and subsidiaries of the Group is calculated based on the statutory tax rate of 25% (2017: 25%), except for the following company.

Guangdong Fulilong Compound Fertilizers Co., Ltd. is recognized as a High and New-Tech enterprise according to the PRC tax regulations and is entitled to a preferential tax rate of 15% (2017: 15%).

Hongkong Teda Biomedical Investment Limited is calculated based on the Hongkong profits tax rate of 16.5% (2017: Nil).

Shu Ju Ku Greater China, Ltd., an exempted company limited by shares incorporated in Cayman Islands (registration number: 308468). Therefore, exemption from profits tax (2017: Nil).



(b) **Income tax expense**

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Current Tax		
Hong Kong	<b>Nil</b>	Nil
Other Jurisdictions	<b>182</b>	691
	<b><u>182</u></b>	<b><u>691</u></b>

The income tax charge in Hong Kong is Nil for the period ended 30 June 2018 (June 2017: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB182,060 for the period ended 30 June 2018 (June 2017: RMB691,200).

The charge for the period can be reconciled to the profit per the income statement as follows:

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
(Loss)/Profit before income tax expense	<b>(5,413)</b>	(5,028)
Tax calculated at the EIT rate of 25%	<b>(1,353)</b>	(1,257)
Tax rate differential	<b>(1,244)</b>	(632)
Effect of tax holiday exemption	<b>–</b>	–
Effect of the tax losses on consolidation	<b>2,779</b>	2,580
Tax effect of expenses that are not deductible in determining taxable profit	<b>–</b>	–
	<b><u>–</u></b>	<b><u>–</u></b>
Tax expense for the period	<b>182</b>	691
	<b><u>182</u></b>	<b><u>691</u></b>

## 6. LOSS PER SHARE

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

	For the six months ended 30 June	
	2018 <i>RMB'000</i>	2017 <i>RMB'000</i>
Loss for the purpose of basic loss per share	<u><u>(8,185,599)</u></u>	<u><u>(5,805,526)</u></u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u><u>1,754,576,712</u></u>	<u><u>1,623,767,123</u></u>

## 7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB4,062,067 (2017:RMB2,789,356) on the acquisition of property, plant and equipment.

## 8. TRADE AND BILLS RECEIVABLES

The Group's trade receivable relates to sales of goods to third party customers. The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on trade receivable.

	30 June 2018 (Unaudited) <i>RMB</i>	31 December 2017 (Audited) <i>RMB</i>
	Trade receivables	148,039,496
Less: Allowance for doubtful debts	<u>(16,011,853)</u>	<u>(16,011,853)</u>
	132,027,643	107,010,288
Bills receivables	<u>–</u>	<u>480,000</u>
Trade receivable, net	<u><u>132,027,643</u></u>	<u><u>107,490,288</u></u>

The aging analysis of trade receivable, current assets is as follows:

	<b>30 June 2018 (Unaudited) RMB</b>	31 December 2017 (Audited) RMB
Within 3 months	74,787,085	55,946,440
Over 3 months but within 6 months	36,831,124	23,931,145
Over 6 months	<u>36,421,287</u>	<u>43,144,556</u>
	<b><u>148,039,496</u></b>	<b><u>123,022,141</u></b>

#### 9. PREPAYMENTS AND OTHER RECEIVABLES

	<b>30 June 2018 (Unaudited) RMB</b>	31 December 2017 (Audited) RMB
Other receivables	19,971,562	4,494,019
Less: allowance for doubtful debts	<u>(2,234,153)</u>	<u>(2,234,153)</u>
	17,737,409	2,259,866
Deposits and prepayments	<u>84,852,655</u>	<u>67,082,164</u>
	<b><u>102,590,064</u></b>	<b><u>69,342,030</u></b>

#### 10. TRADE PAYABLES

The aging analysis of trade payable is as follows:

	<b>30 June 2018 (Unaudited) RMB</b>	31 December 2017 (Audited) RMB
Within 3 months	38,341,490	14,244,564
Over 3 months but within 6 months	5,538,155	2,431,613
Over 6 months	<u>3,840,991</u>	<u>5,447,777</u>
	<b><u>47,720,636</u></b>	<b><u>22,123,954</u></b>

## 11. OTHER PAYABLES AND ACCRUALS

	<b>30 June 2018 (Unaudited) RMB</b>	31 December 2017 (Audited) RMB
Other payables ( <i>note a</i> )	<b>21,251,930</b>	17,591,566
Accruals	<b>3,748,674</b>	3,786,165
Receipt in advance	<b>17,712,641</b>	17,512,100
Payables to Social Security Fund	<b>2,676,674</b>	2,676,674
	<b><u>45,389,919</u></b>	<b><u>41,566,505</u></b>

(a) The amounts due to ex-shareholders of a subsidiary and the other payables that the company's subsidiaries paid was increased.

## 12. SHARE CAPITAL

	<b>30 June 2018</b>		31 December 2017	
	Number of shares	Nominal value RMB'000	Number of shares	Nominal value RMB'000
Registered	<b><u>1,894,500,000</u></b>	<b><u>189,450</u></b>	<u>1,695,000,000</u>	<u>169,500</u>
Issued and fully paid				
Domestic shares of RMB0.1 each	<b>697,500,000</b>	<b>69,750</b>	697,500,000	69,750
H shares of RMB0.1 each	<b><u>1,197,000,000</u></b>	<b><u>119,700</u></b>	<u>997,500,000</u>	<u>99,750</u>
	<b><u>1,894,500,000</u></b>	<b><u>189,450</u></b>	<b><u>1,695,000,000</u></b>	<b><u>169,500</u></b>

## 13. CAPITAL COMMITMENTS

As of 30 June 2018, the Group had no significant capital commitments which were not provided for in the condensed consolidated financial statements of the Group.

## 14. CONTINGENT LIABILITIES

The Company guaranteed the banking facilities granted to certain of its associated amounting to RMB5,000,000 (June 2017:Nil)

## DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (June 2017: Nil).

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Other reserve		Accumulated Losses		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January	169,500,000	159,500,000	255,466,214	154,667,871	3,717,696	3,717,696	2,541,404	2,541,404	(22,032,403)	(22,032,403)	13,761,051	27,513,103	422,953,962	325,907,671
Issue of shares	19,950,000	10,000,000	20,350,400	85,736,983	-	-	-	-	-	-	-	-	40,300,400	95,736,983
Net profit attributable to equity holders of the Company for the three months ended 31 March	-	-	-	-	-	-	-	-	-	-	(6,864,776)	(2,939,138)	(6,864,776)	(2,939,138)
Balance as at 31 March	<u>189,450,000</u>	<u>169,500,000</u>	<u>275,816,614</u>	<u>240,404,854</u>	<u>3,717,696</u>	<u>3,717,696</u>	<u>2,541,404</u>	<u>2,541,404</u>	<u>(22,032,403)</u>	<u>(22,032,403)</u>	<u>6,896,275</u>	<u>24,573,965</u>	<u>456,389,586</u>	<u>418,705,516</u>
Net profit attributable to equity holders of the Company for the three months ended 30 June	-	-	-	-	-	-	-	-	-	-	(1,320,823)	(2,866,388)	(1,320,823)	(2,866,388)
Issue of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June	<u>189,450,000</u>	<u>169,500,000</u>	<u>275,816,614</u>	<u>240,404,854</u>	<u>3,717,696</u>	<u>3,717,696</u>	<u>2,541,404</u>	<u>2,541,404</u>	<u>(22,032,403)</u>	<u>(22,032,403)</u>	<u>5,575,452</u>	<u>21,707,577</u>	<u>455,068,763</u>	<u>415,839,128</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

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 healthcare business, which principally includes the comprehensive layout of elderly care services integrating medical services and elderly care services, and operation and management business, which focus on seniors with complete or partial disability or dementia that have strong demand. Such business mainly includes nationwide operation management of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related old-aged service businesses. By applying the world's unique quantitative EEG detection and analysis technology that acquired, it has cooperated with relevant medical institutions and medical examination bodies to assist them in diagnosing accurately various neuropsychiatric/disorders.

During the period under review, the overall market trend of the compound fertilizer business operated by the Group was running as usual, the delivery volume of dealers tended to be stable, and there was slight price fluctuation in certain local markets. In the context of sluggish supply and demand in the compound fertilizer market, Guangdong Fulilong and Shandong Hidersun, the subsidiaries of the Group, timely adjusted their enterprise product mix, actively responded to market changes and expanded its marketing model, so as to strive to maintain the stable development of the compound fertilizers business. During the period under review, by leveraging on the scientific and technological innovation advantages of the agricultural resources and agricultural regionalization research institute under the Chinese Academy of Agricultural Sciences, the Guangdong Fulilong academician work station focused on carrying out new soil fertility technology, new technology for soil restoration, new fertilizer development technology and efficient fertilization technology development through resources integration, and provided strong technical support for the sustainable development of agricultural sector and attained achievements.

During the period under review, the Company has completed the subscription of issuing new H Shares, and the nationwide operation management of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related old-aged service businesses were gradually conducted. The above services included the trusteeship and transformation of elderly care service institutions and the establishment of operation management platform system of elderly care service institutions chain. In the large research activities conducting for elderly care service institutions organized by Shanghai municipal party committee and municipal government, the leaders from all levels high praised and recognized the elderly care service concepts, contents and formats of Shanghai Muling, a subsidiary of the Company.

## **Finance Review**

### ***Turnover, gross profit and gross profit margin***

For the six months ended 30 June 2018, the Group achieved total turnover of RMB176,221,094, representing an 11.85% increase as compared to the same period of last year (30 June 2017: RMB157,551,363); the consolidated gross profit of the Group was RMB28,510,763, representing a 30.35% increase as compared to the same period of last year (30 June 2017: RMB21,873,195); the consolidated gross profit margin of the Group was 16.8%, representing a 2.3% increase as compared to the same period of last year (30 June 2017: the consolidated gross profit margin was 13.88%). Turnover of the compound fertilizer business of the Group was 167,899,813, representing a 7.74% increase as compared to the same period of last year. During the period under review, the principal compound fertilizer business of the Group is faced with the adverse market environment such as the fluctuation in prices of agricultural products and materials, and abnormal climate during the first half of the year, we actively expand market channels and strengthen marketing activities by launching new products to ensure the continuous and stable development of compound fertilizer business.

### ***Selling and distribution costs***

For the six months ended 30 June 2018, selling and distribution costs of the Group were RMB11,960,597. During the period under review, selling and distribution costs increased by 85.09% as compared to the same period of last year (30 June 2017: RMB6,461,881), which was primarily due to we increased marketing efforts on the Group's compound fertilizer business under the fierce market competition, which resulting in a year-on-year increase in sales and distribution costs as compared with last year.

### ***Research and development and administrative expenses***

For the six months ended 30 June 2018, research and development and administrative expenses of the Group were RMB19,239,128, representing a 4.31% increase as compared to the same period of last year (30 June 2017: RMB18,445,059).

### ***Finance costs***

For the six months ended 30 June 2018, finance costs of the Group were RMB1,827,771, representing an 0.83% increase as compared to the same period of last year (30 June 2017: RMB1,812,667), the details of which are set out in Note 3 enclosed to the accounts.

### ***Loss for the period***

For the six months ended 30 June 2018, loss attributable to the equity owners of the Company was RMB8,185,599 (30 June 2017: loss of RMB5,805,526); loss per share of the Company was RMB0.467 cents (30 June 2017: loss per share of RMB0.358 cents).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE**

During the period under review, the Group's main source of finance came from banking facilities granted by various banks in the PRC. As at 30 June 2018, the bank and cash balance of the Group was approximately RMB52,979,680 (31 December 2017: RMB37,592,277), bank borrowings were RMB52,500,000 (31 December 2017: RMB40,000,000). The bank borrowings provided by various banks in the PRC were denominated in RMB and at fixed annual interest rates ranging from 5.2% to 7.4% (31 December 2017: ranging from 4.5% to 7.4%). The bank borrowings amounting to RMB14,300,000 in aggregate will be due in the second half of 2018 and the bank borrowings amounting to RMB38,200,000 in aggregate will be due in the first half of 2019.

As at 30 June 2018, total asset of the Group were approximately RMB788,915,204 (31 December 2017: RMB707,877,846), with total current liabilities of approximately RMB179,409,845 (31 December 2017: RMB133,078,055), shareholders' interests of RMB455,068,763 (31 December 2017: RMB422,953,962) and minority shareholders' interests of approximately RMB154,436,596 (31 December 2017: RMB151,845,829).

As at 30 June 2018, the consolidated assets debt ratio of the Group, which is the ratio between total liabilities and total assets, was 0.23 (31 December 2017: 0.19). The gearing ratio of the Group, which is the ratio between total bank borrowings and total assets, was 0.07 (31 December 2017: 0.06). The current ratio of the Group, which is the ratio between current assets and current liabilities, was 2.24 (31 December 2017: 2.31).

## **PLEDGE OF ASSETS AND CONTINGENT LIABILITIES**

As at 30 June 2018, the Group and the Company had contingent liabilities amounting to RMB5,000,000 (31 December 2017: RMB5,000,000) and RMB5,000,000 (31 December 2017: RMB5,000,000) respectively which were related to the guarantee provided by the Group and the Company in securing the bank loans granted to its subsidiaries.

## **EXPOSURE TO FOREIGN CURRENCY RISK**

The Group has a relatively low foreign currency risk since all the sales of the Group are domestic sales in China denominated in Renminbi and all payables to suppliers are also denominated in Renminbi.

## **TREASURY POLICIES**

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



## **FUTURE OUTLOOK**

The party's 19th National Congress made major decision-making arrangements, implemented the rural revitalization strategy, and persisted in solving the problems of "agriculture, rural areas and farmers" as the top priority of the party's works, and continued to strengthen the policy of strengthening agriculture, benefiting farmers and enriching farmers, and solidly promoting agricultural modernization and new rural construction to comprehensively deepen the rural reform. The fertilizer market seems to be calm and with gradual improvement in the raw materials market, the autumn fertilizer market will be well supported, and enterprises' attention continues to increase. Hence, opportunities and challenges coexist for compound fertilizer enterprises. In facing the cruel market competition, our compound fertilizers manufacturing subsidiary enterprises adjusted their marketing strategies in time according to market changes and integrated the needs of farmers to constantly innovate new technologies, products and services to ensure the sustained and healthy development of the Group's compound fertilizer business.

With the support of a series of national policies, China's elderly service industry is gradually emerging and developing. The existing national policies fortify the goals of building a multi-level elderly service system based on home, supported by community and backed-up by integrated institutional support and medical care, vigorously developing home care service network, fully opening up the elderly service market, guiding social capital flow into the elderly service industry, and prospering its elderly service consumer market, which are the main directions of the current development of the elderly service industry. The Group actively builds the healthcare and elderly care industrial holding platform, expands the Group's healthy elderly industry business, enhances its core competitiveness to form unique nursing capabilities and competitive barriers, and will gradually improve the setting-up and development of the healthcare and elderly care industrial holding platform integrating with medical services, and strive to cultivate the elderly care services as the new profit growth point of the Company to achieve the strategic innovation and upgrade of the Company effectively.

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

As at 30 June 2018, 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	Others	Total	Percentage of issued share capital
Ms. Sun Li	–	–	300,000,000 <i>(Note)</i>	–	300,000,000	15.83%

*Note:* Out of these shares, 180,000,000 shares are held by Shenzhen Xiangyong Investment Company Limited (“Xiangyong Investment”) and 120,000,000 shares are held by Dongguan Lvye Fertilizers Company Limited (“Lvye Fertilizers”). Ms. Sun Li is the beneficial owner Beijing Yingguxinye Investment Co., Ltd. (“Yingguxinye”) holding its 15% equity interest, while Yingguxinye holds 100% equity interest in Xiangyong Investment and Lvye Fertilizers, respectively. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as at 30 June 2018, none of the Directors, the Supervisors or other chief executives of the Company had interest in any securities and underlying shares and debentures of the Company or any of its associated corporations, which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

## **DIRECTORS’ AND SUPERVISORS’ RIGHTS TO ACQUIRE SHARES**

At no time during the period under review was the Company, its subsidiaries or its holding companies 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 gain profit through the acquisition of the Company’s shares.

## SUBSTANTIAL SHAREHOLDERS

As at 30 June 2018, 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 the share capital
Tianjin TEDA International Incubator (“Incubator”)	Beneficial owner	182,500,000 <i>(Note 1)</i>	9.63%
Shenzhen Xiangyong Investment Company Limited (“Xiangyong Investment”)	Beneficial owner	180,000,000 <i>(Note 1)</i>	9.50%
Shandong Zhinong Fertilizers Company Limited (“Zhinong Fertilizers”)	Beneficial owner	180,000,000 <i>(Note 1)</i>	9.50%
Dongguan Lvye Fertilizers Company Limited (“Lvye Fertilizers”)	Beneficial owner	120,000,000 <i>(Note 1)</i>	6.33%
Shu Ju Ku Inc.	Beneficial owner	100,000,000 <i>(Note 2)</i>	5.28%

*Note 1:* All of the shares represent domestic shares.

*Note 2:* All of the shares represent H shares.

Save as disclosed above, as at 30 June 2018, the directors of the Company were not aware of any other person (other than the directors and supervisors of the Company) who 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 required to notify 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.

## ISSUE OF NEW H SHARES UNDER GENERAL MANDATE

On 9 February 2018, the Company and no less than six subscribers entered into subscription agreements, pursuant to which the subscribers agreed to subscribe for, and the Company agreed to issue to the subscribers, an aggregate of 199,500,000 new H Shares at the subscription price of HK\$0.25 each. The subscribers are independent institutional and/or individual investors who are independent of the Company and its connected persons under the GEM Listing Rules. The number of the subscription shares represented approximately 10.53% of the total number of shares of the Company in issue after the completion of the subscriptions on 14 March 2018. For details, please refer to the announcements of the Company published on the GEM website dated 9 February 2018, 12 February 2018 and 14 March 2018 respectively.

The comparison of the shareholding structure of the Company immediately before and after the issue of additional H shares is as follows:

Name of shareholders	Nature of Shareholding	Before Completion of This Additional Issue		After Completion of This Additional Issue	
		Number of Shares Held	Percentage of Shares (%)	Number of Shares Held	Percentage of Shares (%)
Incubator	State-owned legal person shares	182,500,000	10.77	182,500,000	9.63
Gu Hanqing	Natural person shares	14,000,000	0.83	14,000,000	0.74
Xie Kehua	Natural person shares	9,000,000	0.53	9,000,000	0.48
Guangzhou Wenguang Media	Social legal person shares	2,000,000	0.12	2,000,000	0.11
北京金百達資訊	Social legal person shares	10,000,000	0.59	10,000,000	0.53
Shenzhen Xiangyong	Social legal person shares	180,000,000	10.62	180,000,000	9.50
Shandong Zhinong	Social legal person shares	180,000,000	10.62	180,000,000	9.50
Dongguan Lvye	Social legal person shares	120,000,000	7.08	120,000,000	6.33
H Shares public shareholders	H Shares	897,500,000	52.95	897,500,000	47.38
H Shares subscribers	H Shares	–	–	199,500,000	10.53
Shu Ju Ku, Inc.	H Shares	100,000,000	5.90	100,000,000	5.28
Total		<u>1,695,000,000</u>	<u>100.00</u>	<u>1,894,500,000</u>	<u>100.00</u>

## **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017**

The Company would like to provide the following additional information in respect of its acquisition (the “Acquisition”) of 51% stake of SJK Greater China Ltd. (“SJKGC”):

As disclosed in the circular of the Company dated 25 July 2016 in relation to the Acquisition, profit guarantees were provided to the Company by Shu Ju Ku Inc. (“SJK”), the vendor, that the audited profit after tax of SJKGC in each of the three financial years of 2017, 2018 and 2019 (from 1 January to 31 December of each year) would not be less than US\$5,390,000, pursuant to the agreement (the “Agreement”) dated 16 April 2016 (as amended and supplemented by the supplemental agreement dated 25 April 2016) entered into among the Company, SJK and SJKGC.

In view that the audited net profit after tax of SJKGC for the year ended 31 December 2017 was US\$3,010,000, the above profit guarantee for the year ended 31 December 2017 had not been fulfilled. In order to comply with the terms of the Agreement, the Company and SJK entered into a memorandum on 16 January 2018, pursuant to which SJK confirmed that the Company will have the right of priority and entitlement of cash dividend in the amount of US\$2,750,000 for the year ended 31 December 2017 and that the said dividend will be paid to the Company by 30 November 2018.

The additional information above does not affect other information contained in the Annual Results Announcement, the Clarification Announcement and the Annual Report, and the other contents of the Annual Results Announcement, the Clarification Announcement and the Annual Report remain unchanged. For details, please refer to the announcement of the Company published on the GEM website dated 26 April 2018.

### **COMPETING INTERESTS**

During the six months ended 30 June 2018, 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.

## **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. As at the date of this announcement, the audit committee of the Company comprises three independent non-executive directors, namely Mr. Li Xudong, Mr. Wang Yongkang and Ms. Gao Chun, among whom, Mr. Li Xudong has been appointed as the chairman of the committee due to his professional qualifications in accounting and auditing experience.

The audit committee has reviewed the interim results and the interim report of the Group for the six months ended 30 June 2018.

## **SHARE OPTION SCHEME**

The Company has not approved any new share option scheme during the period ended 30 June 2018.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered or existed during the period in the first half of 2018.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company did not redeem any of its shares during the period under review. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s shares during the period in the first half of 2018.

## **CORPORATE GOVERNANCE PRACTICES**

The Board and the management of the Company have always 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 internal operations of the Group. The corporate governance principles on which the Company is complying emphasize on an efficient board of directors and sound internal control, as well as the transparency presented to all of the shareholders. The directors are of the view that, the Company had complied with all the provisions of the Code except A.2.1 of the Code during the period under review.

Since September 2015, as Ms. Sun Li serves as the Chairman and Chief Executive Officer, such practice deviates from code provision A.2.1 of the Code. The Board is of the opinion that it is currently appropriate and in the best interests of the Company for Ms. Sun Li to hold both positions as it helps to maintain the stability of the continuous operations of the Company and the transformation and upgrading of healthcare business. The Company has been proactively recruiting candidates for the post of Chief Executive Officer through different means so as to fulfill the requirements of A.2.1 of the Code as soon as possible for increasing the transparency and independence of corporate governance.

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

Tianjin, the PRC, 10 August 2018

*As at the date of this announcement, the executive directors of the Company are Sun Li, Hao Zhihui and Liu Renmu; the non-executive directors of the Company are Cao Aixin, Li Ximing; the independent non-executive directors of the Company are Li Xudong, Mr. Wang Yongkang and Gao Chun.*

*This announcement will remain at the “Latest Company Announcements” page on the GEM website at <http://www.hkgem.com> for at least seven days from the date of its posting. This announcement will also be published and remain on the website of the Company at [www.bioteda.com](http://www.bioteda.com).*