



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 THIRD QUARTERLY RESULTS FOR 2020

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This announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (“the Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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 any statement herein or this announcement misleading.

HIGHLIGHTS

- Consolidated turnover of the Group for the nine months ended 30 September 2020 amounted to RMB251,610,019, representing a drop of 11.56% as compared to the same period of last year (30 September 2019: RMB284,484,546).
- Consolidated gross profit of the Group for the nine months ended 30 September 2020 amounted to RMB23,175,044, representing a drop of 24.87% as compared to the same period of last year (30 September 2019: RMB30,848,000).
- Loss attributable to equity owners of the Company for the nine months ended 30 September 2020 was RMB15,911,732, representing an increase of 12.38% as compared to the same period of last year (30 September 2019: loss of RMB14,158,779); loss per share of the Company was RMB0.839 cents (30 September 2019: loss per share of RMB0.75cents).
- The Board does not recommend the payment of dividends for the nine months ended 30 September 2020.

RESULTS OF THE THIRD QUARTERLY (UNAUDITED)

The board of directors (the “Board”) of Tianjin TEDA Biomedical Engineering Company Limited (the “Company”) is pleased to announce the unaudited third quarterly results of the Company and its subsidiaries (hereafter collectively referred to as the “Group”) for the nine months ended 30 September 2020, together with the comparative figures of the corresponding period in 2019 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	(Unaudited)		(Unaudited)	
		For the nine months ended 30 September		For the three months ended 30 September	
		2020	2019	2020	2019
		RMB	RMB	RMB	RMB
Continuing operation					
Revenue	2	251,610,019	284,484,546	86,338,099	83,728,997
Cost of sales		(228,434,976)	(253,636,546)	(77,698,863)	(78,333,825)
Gross profit		23,175,044	30,848,000	8,639,237	5,398,866
Other expenses and net loss		(2,101,858)	545,819	(7,130,514)	(157,963)
Selling and distribution costs		(14,377,707)	(13,472,729)	(5,037,789)	(3,836,666)
R&D and administrative expenses		(22,011,858)	(29,011,540)	(8,298,451)	(8,566,381)
Finance costs		(979,196)	(2,494,206)	(315,834)	(808,868)
Impairment loss of intangible assets		-	-	-	-
Loss before taxation		(16,295,575)	(13,584,656)	(12,143,351)	(7,537,375)
Income tax	3	(361,014)	36,006	(91,235)	82,308
Loss for the period		(16,656,589)	(13,548,651)	(12,052,116)	(7,455,067)
Attributable to:					
Owners of the Company					
– Loss for the period		(15,911,732)	(14,158,779)	(10,645,612)	(7,323,700)
Non-controlling interests					
– Profit/(Loss) for the period		(744,857)	610,128	(1,406,505)	(131,367)
Loss per share-Basic (RMB)	4	<u>(0.839)cents</u>	<u>(0.75)cents</u>	<u>(0.561)cents</u>	<u>(0.389)cents</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 nine months ended 30 September 2020 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 2019.

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 nine months ended 30 September		For the three months ended 30 September	
	2020 <i>RMB</i>	2019 <i>RMB</i>	2020 <i>RMB</i>	2019 <i>RMB</i>
Fertilizer products	251,289,890	281,383,267	86,228,679	83,632,535
Elderly care and health care services	320,129	3,101,279	109,420	96,462
	<u>251,610,019</u>	<u>284,484,546</u>	<u>86,338,099</u>	<u>83,728,997</u>

3. 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% (2019: 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% (2019: 15%).

Hongkong Teda Biomedical Investment Limited is calculated based on the Hongkong profits tax rate of 16.5% (2019: Nil).

Shu Ju Ku Greater China, Ltd. (“SJKGC”), an exempted company limited by shares incorporated in Cayman Islands (registration number:308468). Therefore, exemption from profits tax (2019: Nil).

(b) Income tax expense

	For the nine months ended 30 September	
	2020	2019
	RMB'000	RMB'000
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	<u>361</u>	<u>(36)</u>

The income tax charge in Hong Kong is Nil for the period ended 30 September 2020 (September 2019: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB361,014 for the period ended 30 September 2020(September 2019: RMB36,006).

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

	For the nine months ended 30 September	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before income tax expense	<u>(16,296)</u>	<u>(13,585)</u>
Tax calculated at the EIT rate of 25%	(4,074)	(3,396)
Tax rate differential	403	(670)
Effect of tax holiday exemption	–	–
Effect of the tax losses on consolidation	4,032	4,030
Tax effect of expenses that are not deductible in determining taxable profit	<u>–</u>	<u>–</u>
Tax expense for the period	<u><u>361</u></u>	<u><u>(36)</u></u>

4. LOSS PER SHARE

The calculation of the basic earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	For the nine months ended 30 September	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the purpose of basic earnings per share	<u>(15,912)</u>	<u>(14,159)</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u><u>1,894,500</u></u>	<u><u>1,894,500</u></u>

DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2020 (30 September 2019:Nil).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Other reserve		Accumulated Losses		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January	189,450,000	189,450,000	275,317,438	275,317,438	3,717,696	3,717,696	2,541,404	2,541,404	(19,382,403)	(22,032,403)	(260,610,037)	(175,988,230)	191,034,098	273,005,905
Issue of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit attributable to equity holders of the Company for the three months ended 31 March	-	-	-	-	-	-	-	-	-	-	(5,591,384)	(3,209,427)	(5,591,384)	(3,209,427)
Balance as at 31 March	<u>189,450,000</u>	<u>189,450,000</u>	<u>275,317,438</u>	<u>275,317,438</u>	<u>3,717,696</u>	<u>3,717,696</u>	<u>2,541,404</u>	<u>2,541,404</u>	<u>(19,382,403)</u>	<u>(22,032,403)</u>	<u>(266,201,421)</u>	<u>(179,197,657)</u>	<u>185,442,714</u>	<u>269,796,478</u>
Net profit attributable to equity holders of the Company for the three months ended 30 June	-	-	-	-	-	-	-	-	-	-	325,264	(6,864,776)	325,264	(6,864,776)
Issue of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June	<u>189,450,000</u>	<u>189,450,000</u>	<u>275,317,438</u>	<u>275,317,438</u>	<u>3,717,696</u>	<u>3,717,696</u>	<u>2,541,404</u>	<u>2,541,404</u>	<u>(19,382,403)</u>	<u>(22,032,403)</u>	<u>(265,876,157)</u>	<u>(186,062,433)</u>	<u>185,767,978</u>	<u>262,931,702</u>
Net profit attributable to equity holders of the Company for the three months ended 30 September	-	-	-	-	-	-	-	-	-	-	(10,645,612)	(6,864,776)	(10,645,612)	(6,864,776)
Issue of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 September	<u>189,450,000</u>	<u>189,450,000</u>	<u>275,317,438</u>	<u>275,317,438</u>	<u>3,717,696</u>	<u>3,717,696</u>	<u>2,541,404</u>	<u>2,541,404</u>	<u>(19,382,403)</u>	<u>(22,032,403)</u>	<u>(276,521,769)</u>	<u>(192,927,209)</u>	<u>175,122,366</u>	<u>256,066,926</u>

Note:

In the consolidated statement of changes in equity in the half year report published this year, the “accumulated loss” of “net profit attributable to equity holders of the Company for the three months ended June 30” for 2020 was misstated as RMB77.50 million, which should be corrected as RMB0.33 million. The reason for the misstatement was mainly due to the relevant differences between the accounting standards of the PRC and the HKAS during the process of consolidation of statements. For details, please refer to the HKFRS 9 (issued and effective in 2018), the HKFRS 16 (issued and effective in 2019) and other regulatory documents.

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 multiple 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 that have strong demand with focus on the public with complete or partial disability or dementia. Such business mainly includes nationwide operation management development of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related elderly care service businesses. For the EEG detection business, expanding the EEG detection market in the PRC still needed a certain period of time, which had led to slower development in the EEG detection business. However, the Group is still proactively expanding its customer base and seeking new cooperative partners, and endeavors to advance the development of EEG detection business.

Finance Review

For the nine months ended 30 September 2020, the Group achieved a total turnover of RMB251,610,019 from its operation, representing a drop of 11.56% as compared to the same period of last year (30 September 2019: RMB284,484,546). The consolidated gross profit of the Group from its operation was RMB23,175,044, representing a drop of 24.87% as compared to the same period of last year (30 September 2019: RMB30,848,000). The consolidated gross profit margin of the Group was 9.21%, representing a drop of 1.64% as compared to the same period of last year (30 September 2019: the consolidated gross profit margin was 10.85%). For the nine months ended 30 September 2020, selling and distribution costs of the Group were RMB14,377,707, representing an increase of 6.72% as compared to the same period of last year (30 September 2019: RMB13,472,729); research and development and administrative expenses were RMB22,011,858, representing a drop of 24.13% as compared to the same period of last year (30 September 2019: RMB29,011,540). During the period under review, finance costs of the Group were RMB979,196, representing a decrease of 60.74% as compared to the same period of last year (30 September 2019: RMB2,494,206). For the nine months ended 30 September 2020, loss attributable to the owners of the Company was RMB15,911,732 (30 September 2019: loss of RMB14,158,779); loss per share of the Company was RMB0.839 cents as compared to loss per share of RMB0.75 cents of the same period in the previous year.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2020, the Group and the Company had contingent liabilities amounting to RMB9,893,750 (31 December 2019: RMB15,000,000) 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 relatively low foreign currency risk since all the sales of the Group are domestic sales in China primarily 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

In the first half of this year, the compound fertiliser industry was significantly affected by the spread of the novel coronavirus (COVID-19) across the country and the world. With the gradual effective control of the pandemic nationwide, the usage of fertiliser increased in spring and summer. In addition, the prices of agricultural products such as corn, rice and wheat have increased at varying levels since this year. The improvement in planting efficiency has promoted a rise in demand for fertilisers. With the increasing proportion of economic crop planting in China and the steady implementation of land circulation policy, the demand for quality new compound fertilisers has continued to pick up. The recovery of the compound fertiliser industry has driven the sales of the compound fertilisers of the Company. The compound fertiliser subsidiaries of the Company will timely adjust the product structure in line with market changes. With high importance attached to the development of organic fertilisers through relentless innovation with respect to technology, products and services, it promotes the sustainable and healthy development of the compound fertiliser business of the Group.

In order to enhance the management level of institutions with integrated healthcare and elderly care services in China, on 27 September 2020, the National Health Commission, the Ministry of Civil Affairs and the State Administration of Traditional Chinese Medicine of the PRC jointly formulated the “Guidelines for the Management of Institutions with Integrated Healthcare and Elderly Care Services (Trial)” (《醫養結合機構管理指南(試行)》) to regulate the management as to the scope and requirements of such institutions. The management of the integrated healthcare and elderly care services should focus on the health of the elderly by giving full play to the support and leading role of information technology based on the qualifications and service capacities of the institutions, thereby providing medical care, elderly care and other services for the seniors in the institutions and conducting scientific and standardised management so as to satisfy the needs of the elderly health and elderly care services and also protect their legitimate rights and interests. In response to the direction of national policies and the trend of social and economic development, the Group will proactively strive to build an industrial platform integrating healthcare and elderly care, expand the elderly healthcare business, enhance the core competitiveness of the Group in this field and effectively accomplish the strategic upgrade of the Group. In respect of the EEG detection business, the business development was slow down due to various factors, coupled with the transmission of COVID-19 across the nation and globally in the first half of this year, the EEG detection business was notably impacted. Given such technology is fairly advanced and extensively applied in the market, the Group devotes its efforts to broaden this business spectrum in order to turn the EEG detection business into a profit growth point for the development of the Group.

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

As at 30 September 2020, 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	–	300,000,000	15.83%
			(Note)			

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 Lvyue Fertilizers Company Limited (“Lvyue Fertilizers”). 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 Lvyue Fertilizers respectively. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as of 30 September 2020, none of the directors, the supervisors or other chief executives of the Company had interest in any securities, 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 which enables the directors and the supervisors of the Company or their respective spouses or children under 18 years of age, to gain profit through acquiring the shares of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2020, 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 the ordinary shares of the Company of RMB0.1 each:

Name of shareholders	Capacity	Number of ordinary shares	Percentage of share capital
Tianjin TEDA International Incubator	Beneficial owner	182,500,000 <i>(Note)</i>	9.63%
Shenzhen Xiangyong Investment Company Limited	Beneficial owner	180,000,000 <i>(Note)</i>	9.50%
Shandong Zhinong Fertilizers Company Limited	Beneficial owner	180,000,000 <i>(Note)</i>	9.50%
Dongguan Lvye Fertilizers Company Limited	Beneficial owner	120,000,000 <i>(Note)</i>	6.33%

Note: All of the shares represent domestic shares.

Save as disclosed above, as at 30 September 2020, 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.

BACKGROUND AND CURRENT STATUS OF THE PROFIT GUARANTEE FROM SJKGC

On 16 April 2016, the Company, Shu Ju Ku Inc. (referred to as the “SJK”) and SJK Greater China Ltd. (referred to as “SJKGC”) entered into an agreement (referred to as the “Agreement”), pursuant to which the Company agreed to purchase, and the SJK agreed to sell 51% of the entire issued shares of SJKGC (referred to as the “Sale Shares”) to the Company. All conditions precedent under the Agreement had been fulfilled and the completion of acquisition took place on 17 March 2017. The Company had nominated Hong Kong Teda Biomedical Investment Limited, an indirect wholly-owned subsidiary of the Company, as its nominee to hold the Sale Shares on its behalf.

According to the Agreement, the SJK warrants to the Company that SJKGC in each of the three financial years of 2017, 2018 and 2019 will have an audited profit after tax of not less than US\$5,390,000. If the above guarantee is not met, the SJK irrevocably agrees and guarantees that if SJKGC’s audited profit after tax is less than US\$5,390,000, the SJK shall pay, in an appropriate manner, to SJKGC in the amount equal to US\$5,390,000 minus SJKGC’s actual audited profit after tax of that year.

In respect of the fulfillment of the 2017 profit guarantee, the audited net profit after tax of SJKGC for the year ended 31 December 2017 was approximately US\$2,922,000, the profit guarantee for the year ended 31 December 2017 had not been fulfilled. In order to comply with the terms of the Agreement, the Company and SJK entered into a memorandum on 16 January 2018, pursuant to which SJK confirmed that the Company will have the right of priority and entitlement of cash dividend in the amount of US\$2,750,000 for the year ended 31 December 2017 and that the said dividend will be settled to the Company by 30 November 2018. For details, please refer to the supplemental announcement of the Company published on the GEM website dated 26 April 2018. The SJK has agreed that the dividend distribution would be made by SJKGC based on the audited net profit in 2017 through signing the shareholder’s resolution on 26 April 2018, at the same time, the Company confirmed the SJK has fulfilled the profit guarantee commitment for 2017.

In respect of the fulfillment of the 2018 and 2019 profit guarantees, the audited net profit after tax of SJKGC for the year ended 31 December 2018 was US\$305,000, and the audited net profit after tax for the year ended 31 December 2019 was US\$411,000, the above profit guarantees for the years ended 31 December 2018 and 31 December 2019 had not been fulfilled. As of now, SJK has not paid guaranteed cash dividends to the Company. The Company has initiated the arbitration proceeding at the Hong Kong International Arbitration Centre on 3 September 2019. For the arbitration proceeding, please refer to the announcements of the Company dated 4 September 2019 and 17 July 2020 published on the GEM website. The Company has submitted an updated arbitration application and an updated arbitration claim to the arbitrator and SJK on 3 August 2020. Currently, the arbitration proceeding is still ongoing.

COMPETING INTERESTS

During the nine months ended 30 September 2020, 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 has formulated the written terms of reference in compliance with the GEM Listing Rules and by reference to the “Guidelines for The Establishment of An Audit Committee” published by the Hong Kong Institute of Certified Public Accountants. The audit committee provides an important link between the Board and the Company’s auditor in matters coming within the scope of the Group’s audit. The primary duties of the committee are to review and supervise the financial reporting process of the Group. It also reviews the effectiveness of the external audit, internal controls and risk evaluation. The audit committee of the Company comprises three independent non-executive directors, namely Mr. Li Xudong, Mr. Wang Yongkang and Ms. Gao Chun, 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 third quarter results and the third quarter report of the Group for the nine months ended 30 September 2020.

SHARE OPTION SCHEME

The Company had not approved any new share option scheme during the period ended 30 September 2020.

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 ended 30 September 2020.

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 ended 30 September 2020.

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 emphasise 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, which stipulates that the roles of the chairman and the chief executive should be separated and should not be performed by the same individual, during the period under review.

During the period under review, as the role of chief executive of the company is assumed by Ms. Sun Li who is concurrently serving as the chairman of the Board, the requirements of provision A.2.1 of the Code were not fulfilled. The Board is of the view that it is of the best interest of the Company at this stage for Ms. Sun Li to assume both positions since it will help to maintain the policy continuity and operating stability of the Company as well as the transformation and upgrade of elderly health-care business. The Company has been selecting candidates for the position of chief executive through various channels in order to comply with the requirements of provision A.2.1 of the Code as soon as possible and enhance 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 November 2020

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

This announcement will remain at the “Latest Listed Company Information” 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.