



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 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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 the GEM of The Stock Exchange of Hong Kong Limited 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 nine months ended 30 September 2017 amounted to RMB248,403,719, representing a decrease of 17.78% as compared to the same period of last year (30 September 2016: RMB302,121,679).
- Consolidated gross profit of the Group for the nine months ended 30 September 2017 amounted to RMB33,827,092, representing a decrease of 46.05% as compared to the same period of last year (30 September 2016: RMB62,702,097).
- Loss attributable to the equity owners of the Company for the nine months ended 30 September 2017 was RMB12,918,073 (30 September 2016: the profit of RMB12,387,072); and loss per share of the Company was RMB0.783 cents (30 September 2016: the profit of RMB0.777 cents).
- The Board does not recommend the payment of dividend for the nine months ended 30 September 2017.

RESULTS OF THE THIRD QUARTERLY (UNAUDITED)

The board (the “Board”) of directors 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 2017, together with the comparative figures of the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	(Unaudited) For the nine months ended 30 September		(Unaudited) For the three months ended 30 September	
		2017 <i>RMB</i>	2016 <i>RMB</i>	2017 <i>RMB</i>	2016 <i>RMB</i>
Continuing operation					
Revenue	2	248,403,719	302,121,679	90,852,356	92,685,870
Cost of sales		(214,576,627)	(239,419,582)	(78,898,459)	(72,658,637)
Gross profit		33,827,092	62,702,097	11,953,897	20,027,233
Other expenses and net loss		(1,711,470)	(4,439,402)	(1,529,393)	(1,277,061)
Selling and distribution costs		(10,841,508)	(12,929,199)	(4,379,627)	(4,364,293)
R&D and administrative expenses		(29,750,134)	(27,799,956)	(11,305,075)	(8,838,325)
Finance costs		(2,783,152)	(2,657,416)	(970,485)	(873,399)
(Loss)/Profit before taxation		(11,259,172)	14,876,124	(6,230,683)	4,674,155
Income tax	3	(858,545)	(2,585,159)	(167,345)	(964,789)
(Loss)/Profit and comprehensive income for the period from continuing operation		(12,117,717)	12,290,965	(6,398,028)	3,709,366
Discontinued operation					
Loss for the period from discontinued operation		—	—	—	—
(Loss)/Profit and comprehensive income for the period		(12,117,717)	12,290,965	(6,398,028)	3,709,366

	<i>Notes</i>	(Unaudited)		(Unaudited)	
		For the nine months		For the three months	
		ended 30 September		ended 30 September	
		2017	2016	2017	2016
		RMB	<i>RMB</i>	RMB	<i>RMB</i>
Attributable to:					
Owners of the Company					
– (Loss)/Profit for the period from continuing operation		(12,918,073)	12,387,072	(7,112,547)	3,646,506
– Loss for the period from discontinued operation		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Non-controlling interests					
– Profit/(Loss) for the period from continuing operation		800,356	(96,107)	714,519	62,860
– Loss for the period from discontinued operation		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Profit/(Loss) for the period attributable to non-controlling interests		<u>800,356</u>	<u>(96,107)</u>	<u>714,519</u>	<u>62,860</u>
(Loss)/Earnings per share-Basic (<i>RMB</i>)	<i>4</i>				
From continuing and discontinued operation		<u>(0.783) cents</u>	<u>0.777 cents</u>	<u>(0.431) cents</u>	<u>0.229 cents</u>
From continuing operation		<u>(0.783) cents</u>	<u>0.777 cents</u>	<u>(0.431) cents</u>	<u>0.229 cents</u>

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 2017 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 2016.

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	
	2017	2016	2017	2016
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Continuing operation				
Fertilizer products	245,284,336	302,121,679	89,451,433	92,685,870
Medical&Health products	3,119,383	–	1,400,923	–
Discontinued operation				
Health care products	–	–	–	–
	<u>248,403,719</u>	<u>302,121,679</u>	<u>90,852,356</u>	<u>92,685,870</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% (2016: 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% (2016: 15%).

Hongkong Teda Biomedical Investment Limited is calculated based on the Hongkong profits tax rate of 16.5% (2016: 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. (2016: Nil).

(b) Income tax expense

	For the nine months ended 30 September	
	2017	2016
	RMB'000	RMB'000
Current Tax		
Hong Kong	N/A	N/A
Other Jurisdictions	859	2,585

The income tax charge in Hong Kong is Nil for the period ended 30 September 2017 (September 2016: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB858,545 for the period ended 30 September 2017 (September 2016: RMB2,585,159).

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

	For the nine months ended 30 September	
	2017	2016
	RMB'000	RMB'000
(Loss)/Profit before income tax expense		
Continuing operation	(11,259)	14,876
Discontinued operation	—	—
	(11,259)	14,876
Tax calculated at the EIT rate of 25%	(2,815)	3,719
Tax rate differential	(718)	(2,681)
Effect of tax holiday exemption	—	—
Effect of the tax losses on consolidation	4,392	1,547
Tax effect of expenses that are not deductible in determining taxable profit	—	—
Tax expense for the period	859	2,585

4. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

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	
	2017	2016
	RMB	RMB
(Loss)/Profit from continued and discontinued operations		
(Loss)/Earnings for the purpose of basic earnings per share	<u>(12,918,073)</u>	<u>12,387,072</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,648,972,603</u>	<u>1,595,000,000</u>

From continuing operation

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

	For the nine months ended 30 September	
	2017	2016
	RMB	RMB
		(re-presented)
(Loss)/Profit for the period attributable to owners of the Company	(12,918,073)	12,387,072
Add: Loss for the period from discontinued operation	<u>—</u>	<u>—</u>
(Loss)/Earnings for the purpose of basic earnings per share from continuing operation	<u>(12,918,073)</u>	<u>12,387,072</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,648,972,603</u>	<u>1,595,000,000</u>

From discontinued operations

Basic loss per share for the discontinued operation is RMB0 cents per share (2016: RMB0 cents per share), based on the loss for the period from the discontinued operations of RMB0 (2016: RMB0) and the denominators detailed above for basic losses per share.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2017 (September 2016: Nil).

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Other reserve		Accumulated Losses		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January	159,500,000	159,500,000	154,667,871	154,667,871	3,717,696	3,717,696	2,541,404	2,541,404	(22,032,403)	(22,032,403)	27,513,103	21,542,390	325,907,671	319,936,958
Issue of shares	10,000,000	-	85,736,983	-	-	-	-	-	-	-	-	-	95,736,983	-
Net profit attributable to equity holders of the Company for the three months ended 31 March	-	-	-	-	-	-	-	-	-	-	(2,939,138)	2,238,319	(2,939,138)	2,238,319
Balance as at 31 March	<u>169,500,000</u>	<u>159,500,000</u>	<u>240,404,854</u>	<u>154,667,871</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>24,573,965</u>	<u>23,780,709</u>	<u>418,705,516</u>	<u>322,175,277</u>
Net profit attributable to equity holders of the Company for the three months ended 30 June	-	-	-	-	-	-	-	-	-	-	(2,866,388)	6,502,247	(2,866,388)	6,502,247
Issue of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June	<u>169,500,000</u>	<u>159,500,000</u>	<u>240,404,854</u>	<u>154,667,871</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>21,707,577</u>	<u>30,282,956</u>	<u>415,839,128</u>	<u>328,677,524</u>
Net profit attributable to equity holders of the Company for the three months ended 30 September	-	-	-	-	-	-	-	-	-	-	(7,112,547)	3,646,506	(7,112,547)	3,646,506
Balance as at 30 September	<u>169,500,000</u>	<u>159,500,000</u>	<u>240,404,854</u>	<u>154,667,871</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>14,595,030</u>	<u>33,929,462</u>	<u>408,726,581</u>	<u>332,324,030</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's business is currently engaged in two industry sectors: (1) biological compound fertilizer products, which principally includes a series of biological compound fertilizer products that are used for the facilitation of balanced growth of grains, fruit and vegetables; and (2) comprehensive layout of elderly care services integrating medical services and operation and management business, which focuses on seniors with complete or partial disability or dementia that have strong demand. Such business mainly includes nationwide key layout to conduct 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.

During the period under review, the market trend of the continuous operating compound fertilizer segment of the Group was at a state of downturn as a whole. The reason is that as affected by the raw material price and the lack of funds in the basic level, in addition to factors of the local planting structure adjustment of peasants and low agricultural product price, the enthusiasm of farmers in using fertilizers was affected. Owing to a slight increase in raw material price and growing market demand, cargo quantity by distributors improved significantly and market trading tended to be active. According to market changes, the Group's subsidiaries, Guangdong Fulilong Compound Fertilizers Co.,Ltd. and Shandong Hidersun Fertilizer Co., Ltd., will continue to adjust the enterprise product mix and marketing strategy so as to maintain the stable development of the compound fertilizers business.

In order to continuously develop the healthcare and elderly care industry integrating medical services and elderly care services, the Company completed the acquisition of the equity interests and businesses of Shanghai Muling Elderly Care Investment Management Company Limited (上海睦齡養老投資管理有限公司) (“Muling Elderly Care”) in July 2017. Currently, the Company is accelerating the layout and expansion of the elderly care services integrating medical services and its operation and management business nationwide and is striving to build an industrial platform for the medical service and elderly care service industry, which targets at those seniors with complete or partial disability or dementia where demands are strong and has a high barrier of entry in terms of service technology, so as to expand the healthcare and elderly care businesses of the Group through integrating the medical services into the elderly care services.

Financial Review

For the nine months ended 30 September 2017, the Group achieved a total turnover of RMB248,403,719 from its continuing operation, representing a decrease of 17.78% as compared to the same period of last year (30 September 2016: RMB302,121,679). The Group achieved a consolidated gross profit of RMB33,827,092 from its continuing operation, representing a decrease of 46.05% as compared to the same period of last year (30 September 2016: RMB62,702,097). The consolidated gross profit margin of the Group was 13.62%, which was lower than the same period of last year (30 September 2016: consolidated gross profit margin was 20.75%). For the nine months ended 30 September 2017, selling and distribution expenses of the Group were RMB10,841,508, representing a decrease of 16.15% as compared to the same period of last year (30 September 2016: RMB12,929,199); research and development and administrative expenses were RMB29,750,134, representing an increase of 7.02% as compared to the same period of last year (30 September 2016: RMB27,799,956). During the period under review, finance costs of the Group were RMB2,783,152, representing an increase of 4.73% as compared to the same period of last year (30 September 2016: RMB2,657,416). For the nine months ended 30 September 2017, loss attributable to the owners of the Company was RMB12,918,073 (30 September 2016: the profit of RMB12,387,072); loss per share of the Company were RMB0.783 cents, while earnings per share of the same period of last year were RMB0.777 cents.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2017, the Group and the Company had contingent liabilities amounting to RMB16,000,000 (31 December 2016: RMB15,000,000) and RMB16,000,000 (31 December 2016: RMB15,000,000) respectively in connection with the guarantee provided by the Group and the Company to secure the bank loans granted to its subsidiaries.

EXPOSURE TO FOREIGN CURRENCY RISK

The Group is not exposed to any significant foreign currency risk since all the sales of the Group are domestic sales denominated in Renminbi and most payables to suppliers are also denominated in Renminbi.

TREASURY POLICIES

As the Group is not exposed to any foreign currency risk, bank borrowings that are denominated in Renminbi are usually renewed annually upon maturity. During the period under review, any surplus cash were deposited in licensed banks in China.

FUTURE OUTLOOK

Given the continuous investment in the agriculture industry by the government, the agricultural development has gradually moved towards the road of modernization with efficient labor productivity and abundant agricultural products, and the compound fertilizer industry has a promising development trend along with growing market demand albeit intensifying industry competition. In light of the increasing demand and market competition, the subordinated compound fertilizer manufacturing enterprises of the Company will face challenges actively and by judging the situation according to market changes, and constantly make innovation in technology, products and services to ensure the sustained and healthy development of the Group's compound fertilizer business.

The Company will enhance its core competitiveness in the elderly care industry through its superiorities such as internationally advanced theories and practical experience of its domestic premier and senior elderly management team, as well as the world's unique quantitative EEG detection technology, forming our unique caring skills and competitive barriers. The Company will gradually improve the setting-up and development of the healthcare and elderly care industrial holding platform integrating medical services and elderly care services, and strive to cultivate the elderly care services integrating medical services and management business as the new profit growth point of the Company to complete 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 September 2017, 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 the issued share capital
Ms. Sun Li	–	–	300,000,000 <i>(Note)</i>	–	300,000,000	17.70%

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 of 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 of 30 September 2017, none of the directors, supervisors and other chief executives of the Company had interests in any securities, underlying shares and debentures of the Company or any of its associated corporations, which were required (a) to notify 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 were 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 to notify 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 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 September 2017, the following persons (other than the directors and 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 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:

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

Name of shareholders	Capacity	Number of ordinary shares	Percentage of the share capital
Tianjin TEDA International Incubator	Beneficial owner	182,500,000 <i>(Note 1)</i>	10.77%
Shenzhen Xiangyong Investment Company Limited	Beneficial owner	180,000,000 <i>(Note 1)</i>	10.62%
Shandong Zhinong Fertilizers Company Limited	Beneficial owner	180,000,000 <i>(Note 1)</i>	10.62%
Dongguan Lvye Fertilizers Company Limited	Beneficial owner	120,000,000 <i>(Note 1)</i>	7.08%
Shu Ju Ku Inc.	Beneficial owner	100,000,000 <i>(Note 2)</i>	5.90%

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 September 2017, 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.

COMPLETION OF THE ACQUISITION OF 51% EQUITY INTEREST IN SJKGC

On 17 March 2017, the Company issued an announcement (the “Announcement”) that all conditions precedent under the Agreement had been fulfilled and the Completion took place on 17 March 2017. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement. The Company had nominated HK TEDA as its nominee to hold the Sale Shares on its behalf and a new shareholders’ agreement of SJKGC has been entered into amongst the Vendor, HK TEDA and SJKGC on 17 March 2017, which terms and conditions are substantially the same as those set out in the Shareholder Agreement (which in turn has been terminated). Following the Completion, SJKGC had become a non-wholly-owned subsidiary of the Company and its financial information will be consolidated into the Company’s financial statements. In accordance with the terms of the Agreement, upon Completion, the Company had allotted and issued 100,000,000 Consideration Shares at the issue price of HK\$1.60 each to the Vendor as part of the Consideration. For details please refer to the Announcement of the Company published on the GEM website on 17 March 2017.

CHANGE OF AUTHORISED REPRESENTATIVE

On 10 April 2017, the Company announced that Mr. Wang Shuxin ceased to be the authorised representative of the Company for the purpose of Rule 5.24 of the GEM Listing Rules with effect from 10 April 2017, and that Ms. Sun Li, an executive director, the Chairman and the Chief Executive Officer of the Company, had been appointed as the authorised representative of the Company for the purpose of Rule 5.24 of the GEM Listing Rules with effect from 10 April 2017. Please refer to the announcement of the Company published on the GEM website dated 10 April 2017 for details.

ACQUISITION OF SHANGHAI ELDERLY CARE INSTITUTIONS

The Company issued an announcement on 19 June 2017 that, the Company had signed the “Agreement between Tianjin Teda Biomedical Engineering Company Limited and Li Chuanfu in relation to the acquisition of the Equity Interests and Businesses of Shanghai Muling Elderly Care Investment Management Company Limited, Shanghai Ruifu Elderly Care Service Center and Shanghai Wanli Community Elderly Day Care Center” (《天津泰達生物醫學工程股份有限公司與李傳福有關上海睦齡養老投資管理有限公司、上海瑞福養老服務中心、上海萬里社區老年人日間照護中心之股權及業務收購協議》) with Mr. Li Chuanfu (李傳福) to acquire in cash 70% equity interests in Shanghai Muling Elderly Care Investment Management Company Limited (上海睦齡養老投資管理有限公司). Please refer to the voluntary announcement of the Company published on the GEM website dated 19 June 2017 for details.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION ON TRANSFERRING OF DOMESTIC SHARES

The Company issued an announcement on 11 August 2017 that, on 26 July 2017, Guangzhou Wenguang Media Company Limited (“Guangzhou Wenguang”), as the seller, entered into an agreement with Shandong Zhinong Fertilizers Company Limited (“Shandong Zhinong”) to transfer 10,000,000 domestic shares of the Company to Shandong Zhinong, representing 0.59% of the total issued share capital of the Company. The Board had proposed to amend Article 20 of the Articles of Association of the Company to reflect the transfer of 10,000,000 domestic shares of the Company to Shandong Zhinong. The matter regarding the amendment to the Articles of Association of the Company on transferring the domestic shares was passed as a special resolution at the extraordinary general meeting of the Company convened on 29 September 2017. For details, please refer to the announcement dated 11 August 2017, notice of extraordinary general meeting and circular both dated 14 August 2017, and the announcement of the results of the extraordinary general meeting dated 29 September 2017 of the Company published on the GEM website.

RESIGNATION AND APPOINTMENT OF DIRECTORS

The Company issued an announcement on 27 September 2017 that the Board had accepted the resignation of Mr. Chen Yingzhong, a non-executive Director, and the resignation of Mr. Duan Zhongpeng, an independent non-executive Director with effect from 27 September 2017.

The Board proposed to appoint Mr. Cao Aixin as a non-executive Director and appoint Mr. Wang Yongkang as an independent non-executive Director for a term commencing on the date of approval by the shareholders of the Company and expiring on 31 December 2019. For details, please refer to the announcement dated 27 September 2017, and notice of extraordinary general meeting and circular both dated 29 September 2017 of the Company published on the GEM website. The aforesaid proposal will be voted by poll as ordinary resolutions at the extraordinary general meeting of the Company to be convened on 16 November 2017.

COMPETING INTERESTS

During the nine months ended 30 September 2017, 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 two independent non-executive directors, namely Mr. Li Xudong 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 will comprise three independent non-executive directors, namely Mr. Li Xudong, Ms. Gao Chun and Mr. Wang Yongkang, upon Mr. Wang Yongkang’s proposed appointment as an independent non-executive director being approved at the forthcoming extraordinary general meeting of the Company on 16 November 2017.

The Audit Committee has reviewed the third quarterly results and the third quarterly report of the Group for the nine months ended 30 September 2017.

SHARE OPTION SCHEME

The Company has not approved any new share option scheme during the period ended 30 September 2017.

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company was entered into or existed during the period ended 30 September 2017.

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 2017.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company has 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 with which the Company are 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,
9 November 2017

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 Feng Enqing and Li Ximing; the independent non-executive Directors of the Company are Li Xudong and Gao Chun.

This report 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 report will also be published and remains on the website of the Company at (www.bioteda.com).