



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 FIRST QUARTERLY RESULTS FOR 2019**

### **CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

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

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

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*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 the 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 three months ended 31 March 2019 amounted to RMB87,652,324, representing an increase of 6.24 % as compared to the same period of last year (31 March 2018: RMB82,506,354).
- Consolidated gross profit of the Group for the three months ended 31 March 2019 amounted to RMB10,982,595, representing an increase of 13.31 % as compared to the same period of last year (31 March 2018: RMB9,692,203).
- Loss attributable to the equity owners of the Company for the three months ended 31 March 2019 was RMB3,209,427, representing a decrease of 53.25 % as compared to the same period of last year (31 March 2018: loss of RMB6,864,776); and loss per share of the Company was RMB0.169 cents, while loss per share for the same period of last year was RMB0.403 cents.
- The Board does not recommend the payment of dividend for the three months ended 31 March 2019.

## QUARTERLY RESULTS (UNAUDITED)

The board of directors (the “Board”) of Tianjin TEDA Biomedical Engineering Company Limited (the “Company”) is pleased to announce the unaudited quarterly results of the Company and its subsidiaries (hereafter collectively referred to as the “Group”) for the three months ended 31 March 2019, together with the comparative figures of the corresponding period in 2018 as follows:

		<b>(Unaudited)</b>	
		<b>For the three months</b>	
		<b>ended 31 March</b>	
		<b>2019</b>	<b>2018</b>
	<i>Notes</i>	<i>RMB</i>	<i>RMB</i>
Revenue	2	<b>87,652,324</b>	82,506,354
Cost of sales		<b>(76,669,729)</b>	(72,814,151)
Gross profit		<b>10,982,595</b>	9,692,203
Other income and losses, net		<b>501,920</b>	(940,016)
Selling and distribution costs		<b>(4,579,631)</b>	(5,847,389)
R&D and administrative expenses		<b>(9,099,684)</b>	(9,403,585)
Finance costs		<b>(928,062)</b>	(1,041,724)
Loss before taxation		<b>(3,122,862)</b>	(7,540,511)
Income tax	3	<b>(62,248)</b>	–
<b>Loss for the period</b>		<b><u>(3,185,110)</u></b>	<b><u>(7,540,511)</u></b>
<b>Attributable to:</b>			
Owners of the Company		<b><u>(3,209,427)</u></b>	<b><u>(6,864,776)</u></b>
Non-controlling interests		<b><u>(24,317)</u></b>	<b><u>(675,735)</u></b>
Loss per share-Basic (RMB)	4	<b><u>(0.169) cents</u></b>	<b><u>(0.403) cents</u></b>

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 31 March 2019 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 2018.

## 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 three months ended 31 March	
	2019	2018
	RMB	RMB
Fertilizer products	87,369,305	81,862,012
Elderly care and health care services	283,019	644,342
	<u>87,652,324</u>	<u>82,506,354</u>

## 3. Income tax

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

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% (2018: 15%).

Pursuant to the rules and regulations of the Cayman Islands, the Group’s subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group’s subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income arising in Hong Kong during the period (2018: nil).

(b) **Income tax expense**

	<b>For the three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Current Tax		
Hong Kong	Nil	Nil
Other jurisdictions	<b>62</b>	<b>–</b>

The income tax expense in Hong Kong is Nil for the three months ended 31 March 2019 (first quarter 2018: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax expense in the PRC is RMB62,248 for the three months ended 31 March 2019 (first quarter 2018: Nil).

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

	<b>For the three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Loss before income tax expense	<b>(3,123)</b>	<b>(7,541)</b>
Tax calculated at the EIT rate of 25%	<b>(781)</b>	<b>(1,885)</b>
Tax rate differential	<b>65</b>	<b>15</b>
Effect of tax holiday exemption	<b>–</b>	<b>–</b>
Effect of the tax losses on consolidation	<b>778</b>	<b>1,870</b>
Tax effect of expenses that are not deductible in determining taxable profit	<b>–</b>	<b>–</b>
Tax expense for the period	<b>62</b>	<b>–</b>

**4. Loss per share**

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

	<b>For the three months ended 31 March</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Loss for the purpose of basic earnings per share	<b>(3,209,427)</b>	<b>(6,864,776)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share	<b>1,894,500,000</b>	<b>1,704,838,356</b>

## DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2019 (first quarter 2018: Nil).

## MOVEMENT OF RESERVES

	Share capital		Share premium		Accumulated losses		Capital reserve		Surplus reserve		Other reserve		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January	189,450,000	169,500,000	275,317,438	255,466,214	(175,988,230)	13,761,051	2,541,404	2,541,404	3,717,696	3,717,696	(22,032,403)	(22,032,403)	273,005,905	422,953,962
Loss attributable to equity holders of the Company for the three months ended 31 March	-	-	-	-	(3,209,427)	(6,864,776)	-	-	-	-	-	-	(3,209,427)	(6,864,776)
Issue of new shares	-	19,950,000	-	20,350,400	-	-	-	-	-	-	-	-	-	40,300,400
Balance as at 31 March	189,450,000	189,450,000	275,317,438	275,816,614	(179,197,657)	6,896,275	2,541,404	2,541,404	3,717,696	3,717,696	(22,032,403)	(22,032,403)	269,796,478	456,389,586

# 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 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 old-aged service businesses. For EEG detection business, the Group has all along been complementing Shu Ju Ku Inc. in setting up the EEG detection intelligence system in China which is currently under constant optimisation. At this stage, the Group relies on the existing EEG detection intelligence system to establish the self-operated detection network or otherwise authorise exclusive franchised chain regional agencies to actively develop customer base and seek new co-operative partners.

## Financial Review

For the three months ended 31 March 2019, the Group achieved a consolidated turnover of RMB87,652,324, representing an increase of 6.24% as compared to the same period of last year (31 March 2018: RMB82,506,354), the consolidated gross profit of the Group was RMB10,982,595, representing an increase of 13.31% as compared to the same period of last year (31 March 2018: RMB9,692,203), and the consolidated gross profit margin of the Group was 12.53 %, representing an increase of 0.78% as compared to the same period of last year (31 March 2018: the consolidated gross profit margin was 11.75%).

For the three months ended 31 March 2019, loss attributable to the owners of the Company was RMB3,209,427 (31 March 2018: loss of RMB6,864,776); and loss per share of the Company was RMB0.169 cents as compared to loss per share of RMB0.403 cents of the same period in the previous year.

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

As at 31 March 2019, the Group and the Company had contingent liabilities amounting to RMBNil (31 December 2018: RMBNil) and RMBNil (31 December 2018: RMBNil) respectively in relation 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**

Modern agricultural industry is pursuing a philosophy of energy conservation, low carbon, improved efficiency and green environmental protection; and fertilisers that have largely used in agricultural production bear a historical responsibility in ensuring arable land quality and soil ecological protection, and undertake tremendous responsibility to assure the quality and safety of agricultural products. Guangdong Fulilong and Shandong Hidersun, the subsidiaries of the Company, in echoing market competition and corporate development demand, will develop leading product and core technology with independent intellectual property right, with fundamental enhancement in enterprise core-competitiveness and development strengths to achieve the goals of thriving agriculture, understanding rural conditions and caring farmers. The subsidiaries of the Company in compound fertilisers will actively promote several new high quality fertilisers, including Zhilong active fertilisers, Youbu compound microbial fertilizer, in 2019 to practically restore healthy soils and constantly improve the quality and output of agricultural products. The Blue Paper on the Development of China's Grand Health Industry (2018) first proposed the concept of grand health industry, with aesthetic ecological environment as its base and supported by healthy product manufacturing industry, using health service industry as its core to develop complete industrial chain activities to satisfy the health needs of the public through industrial integration. Under the tremendous support from the relevant national policies, the Group is engaged in elderly care business that integrates medical and caring services, and target to serve those public with complete or partial disability or dementia that have strong demand. In the days to come, the sub-elderly care business units of the Company will conduct strategic cooperation with top European or even international standards elderly care agencies to jointly create a professional elderly care industrial chain in China, covering professional caring for the seniors with complete or partial disability or dementia, sport-based rehabilitation, and professional design and manufacturing of elderly care products etc. In respect to the EEG detection business, the Group will continue to complement Shu Ju Ku Inc. to constantly optimising the domestic EEG intelligence detection system to provide solid technical assurance for the rapid expansion of the EEG business.

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

As at 31 March 2019, 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	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 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 31 March 2019, 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 31 March 2019, 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 issued share capital
Tianjin TEDA International Incubator ("Incubator")	Beneficial owner	182,500,000 (note)	9.63%
Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment")	Beneficial owner	180,000,000 (note)	9.50%
Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers")	Beneficial owner	180,000,000 (note)	9.50%
Dongguan Lvye Fertilizers Company Limited ("Lvye Fertilizers")	Beneficial owner	120,000,000 (note)	6.33%

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

Save as disclosed above, as at 31 March 2019, 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.

## **CHANGE OF CHIEF EXECUTIVE OFFICER**

The Company announced on 1 February 2019 that Ms. Sun Li (“Ms. Sun”) had resigned as the chief executive officer of the Company (“CEO”) with effect from 1 February 2019 so that she can dedicate more efforts and spend more time in deciding and dealing with the Company’s corporate policies and major matters. Ms. Sun Li will remain as the Chairman of the Board, executive director, Chairman of the nomination committee and member of the remuneration committee of the Company. Meanwhile, the Board announced to appointed Mr. Yang Junmin to replace Ms. Sun as the chief executive officer of the Company with effect from 1 February 2019. For details, please refer to the announcement of the Company published at the GEM website on 1 February 2019.

## **STRATEGIC COOPERATION AGREEMENT**

The Company announced on 1 April 2019 that the Company and Almage Group, the largest Alzheimer nursing homes chain in France, entered into a strategic cooperation agreement. The Company and Almage Group will conduct cooperation in Alzheimer nursing and the operation and management of nursing homes. According to the strategic cooperation agreement, the Company can conduct cooperation with Almage in the existing elderly nursing homes or the newly developed elderly nursing homes in the future. The cooperation covers professional Alzheimer nursing, operation and management of nursing homes and staff training. Both parties will enter into special agreements regarding the cooperation method and details. Through executing the strategic cooperation agreement, the Company can integrate with international leading nursing homes, which on one hand will enhance the professional Alzheimer nursing ability of the Company and also improve the capability regarding the management and operation of nursing homes. For details, please refer to the announcement of the Company published at the GEM website on 1 April 2019.

## **COMPETING INTERESTS**

During the three months ended 31 March 2019, 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 first quarterly results and the first quarterly report of the Group for the three months ended 31 March 2019.

## **SHARE OPTION SCHEME**

The Company has not approved any new share option scheme during the period ended 31 March 2019.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the period ended 31 March 2019.

## **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 31 March 2019.

## CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company have endeavored to apply the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 15 of the GEM Listing Rules to the internal operations of the Group. The corporate governance principles on which the Company is complying emphasise 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 during the period under review.

By order of the Board

**Tianjin TEDA Biomedical Engineering Company Limited**

**Sun Li**

*Chairman*

Tianjin, the PRC, 8 May 2019

*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, 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).*