



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 2022

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HIGHLIGHTS

- Consolidated turnover of the Group for the six months ended 30 June 2022 amounted to RMB205,210,475, representing a decrease of 15.13% as compared to the same period of last year (30 June 2021: RMB241,786,926).
- Consolidated gross profit of the Group for the six months ended 30 June 2022 amounted to RMB10,370,957, representing a decrease of 63.05% as compared to the same period of last year (30 June 2021: RMB28,064,013).
- Loss attributable to equity owners of the Company for the six months ended 30 June 2022 was RMB13,248,062 (30 June 2021: profit of RMB809,551); loss per share of the Company was RMB0.699 cents (30 June 2021: earnings per share of RMB0.043 cents).
- The Board does not recommend the payment of dividends for the six months ended 30 June 2022.

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 2022, together with the comparative figures of the corresponding period in 2021 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	
		2022 <i>RMB</i>	2021 <i>RMB</i>	2022 <i>RMB</i>	2021 <i>RMB</i>
Revenue	2	205,210,475	241,786,926	116,014,946	117,379,301
Cost of sales		<u>(194,839,518)</u>	<u>(213,722,913)</u>	<u>(111,133,769)</u>	<u>(103,037,928)</u>
Gross profit		10,370,957	28,064,013	4,881,177	14,341,373
Other expenses and net loss/Income		257,971	399,634	231,403	258,820
Selling and distribution costs		(8,118,740)	(13,117,605)	(3,855,427)	(5,289,192)
R&D and administrative expenses		(12,242,150)	(14,279,494)	(5,620,254)	(6,824,430)
Finance costs	3	<u>(3,330,598)</u>	<u>(735,141)</u>	<u>(2,588,007)</u>	<u>(661,916)</u>
(Loss)/profit before taxation		(13,062,558)	331,407	(6,951,108)	1,824,655
Income tax	4	<u>(146,275)</u>	<u>56,255</u>	<u>(146,275)</u>	<u>56,255</u>
(Loss)/profit for the period		<u><u>(13,208,833)</u></u>	<u><u>387,662</u></u>	<u><u>(7,097,383)</u></u>	<u><u>1,880,910</u></u>
Attributable to:					
Owners of the Company					
– (Loss)/profit for the period	5	<u>(13,248,062)</u>	<u>809,551</u>	<u>(7,204,518)</u>	<u>975,176</u>
Non-controlling interests					
– (Loss)/profit for the period		<u>39,229</u>	<u>(421,889)</u>	<u>107,135</u>	<u>905,734</u>
Loss per share – Basic (RMB)		<u><u>0.699cents</u></u>	<u><u>0.043cents</u></u>	<u><u>0.38cents</u></u>	<u><u>0.052cents</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2022	31 December
		(Unaudited)	2021
	<i>Notes</i>	<i>RMB</i>	(Audited)
			<i>RMB</i>
Non-current assets			
Property, plant and equipment	6	79,012,048	79,572,550
Goodwill		–	–
Intangible asset		231,350	37,000
Interest in an associate		–	–
Prepaid land lease payments		–	–
Prepayments and other receivables		–	–
Amount due from an associate		–	–
Right-of-use assets		<u>59,237,115</u>	<u>59,237,115</u>
Total non-current assets		<u>138,480,513</u>	<u>138,846,665</u>
Current assets			
Inventories		183,407,826	75,221,355
Trade and bills receivables	7	83,091,707	32,081,750
Prepayments and other receivables	8	81,056,913	65,932,999
Amount due from an associate		515,049	785,049
Financial assets at fair value through profit or loss		800,000	1,000,000
Other financial assets		2,340,000	2,340,000
Cash and bank balances		5,204,067	26,439,100
Assets held for sale		<u>4,948,494</u>	<u>4,948,494</u>
Total current assets		<u>361,364,056</u>	<u>208,748,747</u>
Total assets		<u>499,844,569</u>	<u>347,595,412</u>

		30 June 2022	31 December
		(Unaudited)	2021
	<i>Notes</i>	<i>RMB</i>	(Audited)
			<i>RMB</i>
Current liabilities			
Trade payables	9	85,488,048	29,532,859
Contract liabilities		167,806,970	67,707,911
Other payables and accruals	10	51,318,790	48,167,886
Amount due to a director		–	–
Amount due to a shareholder		–	–
Amount due to non-controlling interests		–	–
Lease liabilities		3,730,654	3,730,654
Current tax liabilities		3,737,413	1,484,575
Bank borrowings		<u>51,400,000</u>	<u>41,400,000</u>
Total current liabilities		<u>363,481,875</u>	<u>192,023,885</u>
Net current assets		<u>(2,117,819)</u>	<u>16,724,862</u>
Total assets less current liabilities		<u><u>136,362,694</u></u>	<u><u>155,571,527</u></u>
Non-current liabilities			
Bank and other borrowings		–	6,000,000
Lease liabilities		<u>39,212,355</u>	<u>39,212,355</u>
Total non-current liabilities		<u>39,212,355</u>	<u>45,212,355</u>
Net Assets		<u><u>97,150,339</u></u>	<u><u>110,359,172</u></u>
Capital and reserves attributable to owners of the Company			
Share capital	11	189,450,000	189,450,000
Reserves		<u>(101,917,442)</u>	<u>(88,669,380)</u>
Equity attributable to owners of the Company		<u>87,532,558</u>	<u>100,780,620</u>
Non-controlling interests		<u>9,617,781</u>	<u>9,578,552</u>
Total equity		<u><u>97,150,339</u></u>	<u><u>110,359,172</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	RMB	RMB
Cash flows from operating activities		
Cash used in operating activities	(18,428,270)	18,432,038
Interests received	278,764	4,449
Income tax paid	(101,017)	58,514
Interests paid	(3,386,473)	(528,053)
	<u>(21,636,996)</u>	<u>17,966,948</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,198,037)	(1,209,366)
Payment of construction in progress	–	–
Sales of property, plant and equipment	–	–
Interest received	–	–
Purchase of subsidiaries	–	–
	<u>(3,198,037)</u>	<u>(1,209,366)</u>
Net cash used in investing activities		
CASH FLOWS FINANCING ACTIVITIES		
Issue of shares	–	–
Capital injection from a minority shareholder	–	–
Proceeds from short-term/long-term bank borrowings	30,000,000	–
Repayment of short-term bank borrowings	(26,400,000)	(3,500,000)
	<u>3,600,000</u>	<u>(3,500,000)</u>
Net cash used in financing activities		
NET DECREASE IN CASH AND BANK BALANCES	(21,235,033)	13,257,582
CASH AND BANK BALANCES		
AT THE BEGINNING OF THE PERIOD	<u>26,439,100</u>	<u>13,531,995</u>
CASH AND BANK BALANCES AT THE END OF THE PERIOD	<u><u>5,204,067</u></u>	<u><u>26,789,577</u></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 2022 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 2021.

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		For the three months	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Fertilizer products	204,948,641	241,485,691	115,861,734	117,106,101
Elderly care and health care services	261,834	301,235	153,211	273,200
	<u>205,210,475</u>	<u>241,786,926</u>	<u>116,014,945</u>	<u>117,379,301</u>

3. FINANCE EXPENSE

	For the six months		For the three months	
	ended 30 June		ended 30 June	
	2022	2021	2022	2021
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Interest expense on bank loans and bank charges	3,330,598	735,141	2,588,007	661,916
	<u>3,330,598</u>	<u>735,141</u>	<u>2,588,007</u>	<u>661,916</u>

4. 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% (2021: 25%), except for the following companies.

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% (2021: 15%).

Hongkong Teda Biomedical Investment Limited is subject to Hong Kong profits tax calculated at the rate of 16.5% (2021: 16.5%).

Shu Ju Ku Greater China, Ltd. is an exempted company limited by shares incorporated in Cayman Islands (registration number: 308468). Therefore, it is exempted from profits tax (2021: Nil).

(b) Income tax expense

	For the six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	<u>146</u>	<u>(56)</u>

The income tax charge in Hong Kong is Nil for the period ended 30 June 2022 (June 2021: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB146,275 for the period ended 30 June 2022 (June 2021: RMB-56,255).

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

	For the six months	
	ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit before income tax expense	<u>(13,248)</u>	<u>(1,876)</u>
Tax calculated at the EIT rate of 25%	(3,312)	(469)
Tax rate differential	(412)	(281)
Effect of tax holiday exemption	–	–
Effect of the tax losses on consolidation	3,870	694
Tax effect of expenses that are not deductible in determining taxable profit	<u>–</u>	<u>–</u>
Tax expense for the period	<u>146</u>	<u>(56)</u>

5. 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	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the purpose of basic loss per share	<u>(13,248,062)</u>	<u>809,551</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	<u>1,894,500,000</u>	<u>1,894,500,000</u>

6. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB1,428,453 (2021: RMB479,080) on the acquisition of property, plant and equipment.

7. 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 2022 (Unaudited) RMB	31 December 2021 (Audited) RMB
Trade receivables	172,287,710	121,645,753
Less: allowance for doubtful debts	(89,564,003)	(89,564,003)
	82,741,707	32,081,750
Bills receivables	350,000	–
Trade receivable, net	83,091,707	32,081,750

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

	30 June 2022 (Unaudited) RMB	31 December 2021 (Audited) RMB
Within 3 months	18,805,680	11,088,864
Over 3 months but within 6 months	22,884,352	10,330,033
Over 6 months	41,401,675	10,662,853
	83,091,707	32,081,750

8. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2022 (Unaudited) RMB	31 December 2021 (Audited) RMB
Other receivables	25,669,116	19,741,433
Less: allowance for doubtful debts	<u>(9,733,564)</u>	<u>(9,733,564)</u>
	15,935,552	10,007,869
Deposits and prepayments	<u>65,121,361</u>	<u>55,925,130</u>
	<u>81,056,913</u>	<u>65,932,999</u>

9. TRADE PAYABLES

The aging analysis of trade payable is as follows:

	30 June 2022 (Unaudited) RMB	31 December 2021 (Audited) RMB
Within 3 months	57,454,855	13,954,850
Over 3 months but within 6 months	13,002,180	7,711,732
Over 6 months	<u>15,031,013</u>	<u>7,866,277</u>
	<u>85,488,048</u>	<u>29,532,859</u>

10. OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	30 June 2022 (Unaudited) RMB	31 December 2021 (Audited) RMB
Other payables	32,400,563	30,585,052
Accruals	2,843,481	1,508,088
Advance received	13,379,852	13,379,852
Payables to Social Welfare Fund	2,694,894	2,694,894
	<u>51,318,790</u>	<u>48,167,886</u>

11. SHARE CAPITAL

	30 June 2022		31 December 2021	
	Number of shares	Nominal value RMB'000	Number of shares	Nominal value RMB'000
Registered	<u>1,894,500,000</u>	<u>189,450</u>	<u>1,894,500,000</u>	<u>189,450</u>
Issued and fully paid				
Domestic shares of RMB0.1 each	697,500,000	69,750	697,500,000	69,750
H shares of RMB0.1 each	<u>1,197,000,000</u>	<u>119,700</u>	<u>1,197,000,000</u>	<u>119,700</u>
	<u>1,894,500,000</u>	<u>189,450</u>	<u>1,894,500,000</u>	<u>189,450</u>

12. CAPITAL COMMITMENTS

As of 30 June 2022, the Group had no significant capital commitments which were not provided for in the condensed consolidated financial statements of the Group.

13. CONTINGENT LIABILITIES

The Company guaranteed the banking facilities granted to certain of its subsidiaries amounting to RMB0 (June 2021: RMB0).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (June 2021: Nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital		Share premium		Surplus reserve		Capital reserve		Other reserve		Accumulated losses		Total	
	2022 RMB	2021 RMB	2022 RMB	2021 RMB	2022 RMB	2021 RMB	2022 RMB	2021 RMB	2022 RMB	2021 RMB	2022 RMB	2021 RMB	2022 RMB	2021 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)	(19,382,403)	(350,863,515)	(308,608,472)	100,780,620	143,035,663
Issue of shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net profit attributable to equity holders of the Company for the three months ended 31 March	0	0	0	0	0	0	0	0	0	0	(6,043,544)	(165,625)	(6,043,544)	(165,625)
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>(19,382,403)</u>	<u>(356,907,059)</u>	<u>(308,774,097)</u>	<u>94,737,076</u>	<u>142,870,038</u>
Net profit attributable to equity holders of the Company for the three months ended 30 June	0	0	0	0	0	0	0	0	0	0	(7,204,518)	975,176	(7,204,518)	975,176
Issue of shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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>(19,382,403)</u>	<u>(364,111,577)</u>	<u>(307,798,921)</u>	<u>87,532,558</u>	<u>143,845,214</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 fertilizer business, which principally includes a series of biological compound fertilizer products that are used for the facilitation of balanced growth of grains, fruit and vegetables, its business covers the research and development, production and sales of biological compound fertilizers. 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 and the 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.

With regard to the compound fertilizer business, during the period under review, on one hand, due to the impact of imported inflation and the Russian-Ukrainian war, compound fertilizer raw materials imported high content potassium and energy prices continued to rise; on the other hand, the recurring impact of the new coronavirus pneumonia (“COVID-19”) epidemic has reduced logistics efficiency, significantly increased logistics costs and resulted in a relatively large increase in compound fertilizer production costs. Faced with the above difficulties, the Group raised the sales prices of its products in a timely manner and the price increase was relatively smoothly transmitted to the downstream in terms of market acceptance. In addition, the Group adjusted the product structure according to the market demand, and strengthened the management of market sales. The production and sales of compound fertilizers proceeded normally.

With regard to the elderly care business, the Company provides management consulting services to other elderly care institutions and continues to expand its elderly care projects, mainly by an asset-light operation model. The severe novel coronavirus pneumonia (“COVID-19”) outbreak occurred in Shanghai in the first half of this year, and the Company is entrusted with the management of elderly care institutions mainly located in the Shanghai area, but the elderly care institutions of the Company has worked hard on the safety and pandemic prevention of elderly care institutions without occurrence of any single case of COVID-19, and those elderly care institutions have maintained stable operation. The Company continued to vigorously develop the assistive equipment rental business, in addition to continuously improved the system, quality standards and service procedures in order to provide the elderly with more comprehensive elderly care services.

Finance Review

Turnover, gross profit and gross profit margin

For the six months ended 30 June 2022, the Group achieved total turnover of RMB205,210,475, representing a year-on-year decrease of 15.13% during the period under review (30 June 2021: RMB241,786,926). The consolidated gross profit of the Group was RMB10,370,957, representing a year-on-year decrease of 63.05% during the period under review (30 June 2021: RMB28,064,013). The consolidated operating gross profit margin of the Group was 5.05% (30 June 2021: the consolidated gross profit margin was 11.61%), which was primarily due to the geopolitical factors that pushed up the purchase prices of international energy and bulk raw materials including high content imported potassium and other major raw materials in the first half of this year. On the other hand, the recurring domestic epidemic also led to lower logistics efficiency and higher logistics costs for the Group.

Selling and distribution costs

For the six months ended 30 June 2022, selling and distribution costs of the Group were RMB8,118,740. During the period under review, selling and distribution costs decreased by 38.11% as compared to the same period of last year (30 June 2021: RMB13,117,605), which was primarily due to the reduction in the number of sales team in the Group's compound fertilizer business in the first half of this year in line with marketing requirements and the decrease in the number of compound fertilizer products sold as compared to the same period of the previous year, resulting in a corresponding decrease in selling and distribution costs year-on-year.

Research and development and administrative expenses

For the six months ended 30 June 2022, research and development and administrative expenses of the Group were RMB12,242,150, representing a decrease of 14.27% as compared to the same period of last year (30 June 2021: RMB14,279,494).

Finance costs

For the six months ended 30 June 2022, finance costs of the Group were RMB3,330,598, representing an increase of 453.06% as compared to the same period of last year (30 June 2021: RMB735,141), the details of which are set out in the notes enclosed to the accounts.

Loss for the period

For the six months ended 30 June 2022, loss attributable to equity owners of the Company was RMB13,248,062 (30 June 2021: profit of RMB809,551); loss per share of the Company was RMB0.699 cents (30 June 2021: earnings per share of RMB0.043 cents).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the period under review, the Group's main source of finance was generated from banking facilities granted by various banks in the PRC. As of 30 June 2022, the bank and cash balance of the Group were approximately RMB5,204,067 (31 December 2021: RMB26,439,100), short-term borrowings were RMB51,400,000 (31 December 2021: RMB41,400,000). The short-term borrowings mainly provided by various banks in the PRC were denominated in RMB and at fixed annual interest rates ranging from 4.35% to 6.60% (31 December 2021: ranging from 4.38% to 6.82%). As of 30 June 2022, the total assets of the Group were approximately RMB499,844,569 (31 December 2021: RMB347,595,412), with total current liabilities of approximately RMB363,481,875 (31 December 2021: RMB192,023,885), shareholders' interests of RMB87,532,558 (31 December 2021: RMB100,780,620) and minority interests of approximately RMB9,617,781 (31 December 2021: RMB9,578,552).

As of 30 June 2022, the consolidated asset debt ratio of the Group, which is the ratio between total liabilities and total assets, was 0.79 (31 December 2021: 0.67). The gearing ratio of the Group, which is the ratio between total bank borrowings and total assets, was 0.10 (31 December 2021: 0.14). The current ratio of the Group, which is the ratio between current assets and current liabilities, was 1.00 (31 December 2021: 1.08).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2022, the Group and the Company had contingent liabilities amounting to RMB0 (31 December 2021: RMB0), 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 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 recent years, the implementation of supply-side structural reform of compound fertilizers to eliminate backward production capacity, environmental protection policies tend to tighten to force enterprises to improve the production process level, compound fertilizer and upstream raw materials industry after this round of industry adjustment, excess capacity has been effectively improved, industry concentration has increased significantly, supply and demand tends to balance, the industry presents a benign Healthy development trend. The downstream planting industry has experienced changes such as planting structure adjustment and grain destocking, and grain planting has basically passed the policy adjustment period, and the grain planting industry is now running smoothly, with grain prices rising steadily. The Company will strengthen marketing management, adjust product structure, promote the production of compound fertilizers with high efficiency and intelligence, and increase the market share.

On 11 May 2021, the National Bureau of Statistics released the seventh census data, with the population of 60 or above in China reached 264,000,000, accounting for 18.7%, suggesting that the extent of aging further deepened. On 17 June 2021, the National Development and Reform Commission, the Ministry of Civil Affairs and the National Health Commission jointly issued the “14th Five-Year Plan for Actively Responding to Population Aging Projects and Nursery Education Construction Implementation Plan” which promotes the implementation of the national strategy to actively respond to the aging population. With the continuous deepening of the aging population in China and the government’s emphasis on elderly care services, the elderly care service industry has become one of the “sunrise industries” with the greatest potential. For the elderly care business, in the current stage, the Group mainly operates under the asset-light operation model to provide management and consultation services to other elderly care institutions and elderly care realties and at the same time cooperate with world-leading elderly care institutions and to constantly enhance its own professional ability of elderly nursing. In addition, the Group will continue to vigorously expand the assistive equipment rental business. By leveraging on the numerous elderly care institutions entrusted to the Group in Shanghai, the Group aims to forge itself as one of the largest and most professional providers of assistive equipment rental service in Shanghai and across Yangtze River Delta.

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

As at 30 June 2022, 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 (Note)	–	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 Lvyte Fertilizers Company Limited (“Lvyte 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 Lvyte Fertilizers respectively. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as of 30 June 2022, 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 June 2022, 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 Economic and Technological Development Area State-Owned Asset Operation Co., Ltd.	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%
Guangdong Jiamei Ecological Technology Co., Ltd.	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 1: All of the shares represent domestic shares.

Save as disclosed above, as at 30 June 2022, 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 year ended 31 December 2018 and the year ended 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. The Company reached a settlement agreement with SJK on 31 December 2020 and revised the settlement agreement and adjusted the Shareholders' Agreements and the Share Acquisition Agreement on 26 March 2021. For details, please refer to the announcements of the Company dated 4 September 2019, 17 July 2020, 7 January 2021, 26 March 2021, 26 July 2021 and 9 September 2021 published on the GEM website.

ISSUE OF H SHARES AND DOMESTIC SHARES UNDER SPECIFIC MANDATE

On 18 June 2022, the Company and the H shares subscribers entered into the H shares subscription agreements, pursuant to which the H shares subscribers have agreed to subscribe for, and the Company has agreed to issue to the H shares subscribers, an aggregate of not more than 200,000,000 new H Shares at HK\$0.15 per share subject to the terms and conditions set out in the H shares subscription agreements.

On 18 June 2022, the Company entered into the domestic shares subscription agreements with 17 domestic shares subscribers, pursuant to which the Company agreed to allot and issue a total of not more than 2,800,000,000 new domestic shares to the domestic shares subscribers at HK\$0.15 per subscription domestic share.

The Company will convene the EGM and the Class Meetings on 19 September 2022 to consider and, if thought fit, approve, among other things, the H shares subscription, the domestic shares subscription, the specific mandate, the amendment to the articles of association and to authorise the Board to determine and deal with at its discretion and with full authority matters relating thereto.

For details, please refer to the announcements of the Company dated 21 June 2022 and 3 August 2022 published on the GEM website.

COMPETING INTERESTS

During the six months ended 30 June 2022, 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 2022.

SHARE OPTION SCHEME

The Company had not approved any new share option scheme during the period ended 30 June 2022.

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 2022.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less strict than the required standard of dealings as set out in rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the directors during the period under review.

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 2022.

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, 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2022.

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

Tianjin, the PRC
9 August 2022

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 Xueying and Li Ximing; the independent non-executive directors of the Company are Li Xudong, Wang Yongkang and Gao Chun.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for 7 days from the date of its posting, and it will also be published and remain on the website of the Company at www.bioteda.com.