



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 2019

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This announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (‘the Company’) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 six months ended 30 June 2019 amounted to RMB200,755,549, representing an increase of 13.92% as compared to the same period of last year (30 June 2018: RMB176,221,094).
- Consolidated gross profit of the Group for the six months ended 30 June 2019 amounted to RMB25,449,134, representing a decrease of 10.74% as compared to the same period of last year (30 June 2018: RMB28,510,763).
- Loss attributable to equity owners of the Company for the six months ended 30 June 2019 was RMB6,835,079, representing a decrease of 16.50% as compared to the same period of last year (30 June 2018: loss of RMB8,185,599); loss per share of the Company was RMB0.361 cents (30 June 2018: loss per share of RMB0.467 cents).
- The Board does not recommend the payment of dividends for the six months ended 30 June 2019.

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 2019, together with the comparative figures of the corresponding period in 2018 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	
		2019 <i>RMB</i>	2018 <i>RMB</i>	2019 <i>RMB</i>	2018 <i>RMB</i>
Revenue	2	200,755,549	176,221,094	87,660,597	93,704,740
Cost of sales		<u>(175,302,721)</u>	<u>(147,700,331)</u>	<u>(76,669,728)</u>	<u>(74,886,180)</u>
Gross profit		25,449,134	28,510,763	10,982,595	18,818,560
Other expenses and net loss/Income		703,782	(896,039)	443,419	43,977
Selling and distribution costs		(9,636,063)	(11,960,597)	(4,579,631)	(6,113,208)
R&D and administrative expenses		(20,445,159)	(19,239,128)	(9,099,684)	(9,835,543)
Finance costs	3	<u>(1,685,338)</u>	<u>(1,827,771)</u>	<u>(928,061)</u>	<u>(786,047)</u>
(Loss)/profit before taxation		(6,047,281)	(5,412,772)	(3,122,862)	2,217,739
Income tax	5	<u>(46,302)</u>	<u>(182,060)</u>	<u>(62,248)</u>	<u>(182,060)</u>
(Loss)/profit for the period		<u>(6,093,584)</u>	<u>(5,594,832)</u>	<u>(3,185,111)</u>	<u>1,945,679</u>
Attributable to:					
Owners of the Company					
– Loss for the period		<u>(6,835,079)</u>	<u>(8,185,599)</u>	<u>(3,209,427)</u>	<u>(1,320,823)</u>
Non-controlling interests					
– Profit for the period		<u>741,495</u>	<u>2,590,767</u>	<u>24,316</u>	<u>3,266,502</u>
Loss per share-Basic (<i>RMB</i>)	6	<u><u>(0.361) cents</u></u>	<u><u>(0.467) cents</u></u>	<u><u>(0.017) cents</u></u>	<u><u>(0.075) cents</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June	31 December
		2019	2018
		(Unaudited)	(Audited)
	<i>Notes</i>	<i>RMB</i>	<i>RMB</i>
Non-current assets			
Property, plant and equipment	7	67,888,309	71,338,431
Goodwill		12,149,807	12,149,807
Intangible asset		17,132,183	18,045,202
Interest in an associate		17,169,826	17,660,069
Prepaid land lease payments		11,606,976	13,018,908
Prepayments and other receivables		17,567,145	12,401,826
Amount due from an associate		–	–
Other financial assets		10,463,767	10,463,767
		<hr/>	<hr/>
Total non-current assets		153,978,013	155,078,010
Current assets			
Inventories		91,750,746	85,618,751
Trade and bills receivables	8	115,686,868	76,699,301
Prepayments and other receivables	9	69,000,532	66,745,283
Amount due from an associate		17,972,459	12,683,044
Financial assets at fair value through profit or loss		2,025,622	9,025,622
Cash and bank balances		15,288,638	43,129,493
		<hr/>	<hr/>
Total current assets		311,724,865	293,901,494
		<hr/>	<hr/>
Total assets		465,702,878	448,979,504
Current liabilities			
Trade payables	10	58,121,138	40,175,528
Contract liabilities	11	14,373,393	22,264,411
Other payables and accruals	11	53,079,820	42,121,228
Amount due to a director		–	–
Amount due to shareholders		–	–
Amount due to non-controlling interests		1,120,528	1,120,528
Other financial liabilities		1,633,200	1,633,200
Current tax liabilities		514,872	496,978
Bank borrowings		46,600,000	49,500,000
		<hr/>	<hr/>

		30 June	31 December
		2019	2018
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB	RMB
Total current liabilities		<u>175,442,951</u>	<u>157,311,873</u>
Net current assets		<u>136,281,914</u>	<u>136,589,621</u>
Total assets less current liabilities		<u>290,259,927</u>	<u>291,667,631</u>
Net Assets		<u>290,259,927</u>	<u>291,667,631</u>
Capital and reserves attributable to owners of the Company			
Share capital	<i>12</i>	189,450,000	189,450,000
Reserves		<u>76,011,060</u>	<u>83,555,905</u>
Equity attributable to owners of the company		265,461,060	273,005,905
Non-controlling interests		<u>24,798,868</u>	<u>18,661,726</u>
Total equity		<u>290,259,927</u>	<u>291,667,631</u>

CONDENSED CONSOLIDATED CASH STATEMENT

	For the six months ended	
	30 June	
	2019	2018
	Unaudited	Unaudited
	<i>RMB</i>	<i>RMB</i>
Cash flows from operating activities		
Cash used in operation	(24,515,277)	(30,731,328)
Interests received	708,528	8,344
Income tax paid	–	(347,401)
Interests paid	(1,014,845)	(1,812,889)
	<u>(24,821,594)</u>	<u>(32,883,274)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchases of property, plant and equipment	(438,131)	(4,062,067)
Payment of construction in progress	(81,131)	(500,000)
Sales of property, plant and equipment	–	24,000
Interest received	–	8,344
Purchase of subsidiaries	–	–
	<u>(519,262)</u>	<u>(4,529,723)</u>
Net cash used in investing activities		
CASH FLOWS FINANCING ACTIVITIES		
Issue of shares	–	40,300,400
Capital injection from a minority shareholder	–	–
Proceeds from short-term/long-term bank borrowing	15,000,000	33,200,000
Repayment of short-term bank borrowings	(17,500,000)	(20,700,000)
	<u>(2,500,000)</u>	<u>52,800,400</u>
Net cash used in financing activities		
NET DECREASE IN CASH AND BANK BALANCES	(27,840,855)	15,387,403
CASH AND BANK BALANCES AT THE BEGINNING		
OF THE PERIOD	<u>43,129,493</u>	<u>37,592,277</u>
CASH AND BANK BALANCES AT THE END OF THE PERIOD	<u><u>15,288,638</u></u>	<u><u>52,979,680</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 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 six months ended 30 June		For the three months ended 30 June	
	2019 RMB	2018 RMB	2019 RMB	2018 RMB
Fertilizer products	197,750,732	167,899,813	110,373,153	86,037,801
Elderly care and health care services	3,004,817	8,311,281	2,721,798	7,666,939
	<u>200,755,549</u>	<u>176,211,094</u>	<u>113,094,951</u>	<u>93,704,740</u>

3. FINANCE EXPENSE

	For the six months		For the three months	
	ended 30 June		ended 30 June	
	2019	2018	2019	2018
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Interest expense on bank loans and bank changes	<u>1,685,338</u>	<u>1,827,771</u>	<u>757,277</u>	<u>786,047</u>
	<u>1,685,338</u>	<u>1,827,771</u>	<u>757,277</u>	<u>786,047</u>

4. LOSS BEFORE TAX

	For the six months	
	ended 30 June	
	2019	2018
	<i>RMB</i>	<i>RMB</i>
Depreciation of property, plant and equipment	<u>3,195,037</u>	<u>3,596,896</u>
	<u>3,195,037</u>	<u>3,596,896</u>
Amortization of intangible asset	<u>1,000,405</u>	<u>4,390,764</u>
	<u>1,000,405</u>	<u>4,390,764</u>

5. TAXATION

(a) Enterprise income tax (“EIT”)

Pursuant to the income tax rules and regulations of the PRC, the income tax of the company and subsidiaries of the Group is calculated based on the statutory tax rate of 25% (2018: 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% (2018: 15%).

Hongkong Teda Biomedical Investment Limited is calculated based on the Hongkong profits tax rate of 16.5% (2018: 16.5%).

Shu Ju Ku Greater China, Ltd., an exempted company limited by shares incorporated in Cayman Islands (registration number: 308468). Therefore, exemption from profits tax (2018: Nil).

(b) Income tax expense

	For the six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	<u>46</u>	<u>182</u>

The income tax charge in Hong Kong is Nil for the period ended 30 June 2019 (June 2018: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB46,302 for the period ended 30 June 2019 (June 2018: RMB182,060).

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

	For the six months ended 30 June	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/Profit before income tax expense	<u>(6,047)</u>	<u>(5,413)</u>
Tax calculated at the EIT rate of 25%	(1,512)	(1,353)
Tax rate differential	(224)	(1,244)
Effect of tax holiday exemption	–	–
Effect of the tax losses on consolidation	1,782	2,779
Tax effect of expenses that are not deductible in determining taxable profit	<u>–</u>	<u>–</u>
Tax expense for the period	<u>46</u>	<u>182</u>

6. LOSS PER SHARE

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

	For the six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Loss for the purpose of basic loss per share	<u>(6,835,079)</u>	<u>(8,185,599)</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>1,754,576,712</u>

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB438,131 (2018:RMB4,062,067) on the acquisition of property, plant and equipment.

8. TRADE AND BILLS RECEIVABLES

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

	30 June 2019 (Unaudited) RMB	31 December 2018 (Audited) RMB
	Trade receivables	156,690,922
Less: Allowance for doubtful debts	<u>(41,004,054)</u>	<u>(41,004,054)</u>
	115,686,868	76,499,301
Bills receivables	<u>–</u>	<u>200,000</u>
Trade receivable, net	<u>115,686,868</u>	<u>76,699,301</u>

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

	30 June 2019 (Unaudited) RMB	31 December 2018 (Audited) RMB
Within 3 months	79,157,817	41,487,500
Over 3 months but within 6 months	38,983,533	22,030,651
Over 6 months	38,549,572	12,981,150
	<u>156,690,922</u>	<u>76,499,301</u>

9. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2019 (Unaudited) RMB	31 December 2018 (Audited) RMB
Other receivables	19,006,191	4,647,934
Less: allowance for doubtful debts	<u>(2,278,779)</u>	<u>(2,278,779)</u>
	16,727,412	2,369,155
Deposits and prepayments	<u>52,273,120</u>	<u>64,376,128</u>
	<u>69,000,532</u>	<u>66,745,283</u>

10. TRADE PAYABLES

The aging analysis of trade payable is as follows:

	30 June 2019 (Unaudited) RMB	31 December 2018 (Audited) RMB
Within 3 months	46,696,896	30,210,855
Over 3 months but within 6 months	6,745,149	3,611,449
Over 6 months	4,678,093	6,353,224
	<u>58,121,138</u>	<u>40,175,528</u>

11. OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	30 June 2019 (Unaudited) RMB	31 December 2018 (Audited) RMB
Other payables (<i>note a</i>)	28,605,113	36,375,954
Accruals	1,132,335	2,939,587
Contract liabilities	14,373,393	22,264,411
Payables to Social Security Fund	2,432,172	2,805,687
	<u>46,543,013</u>	<u>64,385,639</u>

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

12. SHARE CAPITAL

	30 June 2019		31 December 2018	
	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>

13. CAPITAL COMMITMENTS

As of 30 June 2019, the Group had no significant capital commitments which were not provided for in the condensed consolidated financial statements of the Group.

14. CONTINGENT LIABILITIES

The Company guaranteed the banking facilities granted to certain of its subsidiaries amounting to RMB15,000,000 (June 2018:RMB17,500,000)

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (June 2018:Nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Other reserve		Accumulated Losses		Total	
	2,019 RMB	2,018 RMB	2,019 RMB	2,018 RMB	2,019 RMB	2,018 RMB	2,019 RMB	2,018 RMB	2,019 RMB	2,018 RMB	2,019 RMB	2,018 RMB	2,019 RMB	2,018 RMB
Balance as at 1 January	189,450,000	169,500,000	275,317,438	255,466,214	3,717,696	3,717,696	2,541,404	2,541,404	(22,032,403)	(22,032,403)	(175,988,230)	(19,686,408)	273,005,905	389,506,503
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	(3,209,427)	(1,320,823)	(3,209,427)	(1,320,823)
Balance as at 31 March	<u>189,450,000</u>	<u>169,500,000</u>	<u>275,317,438</u>	<u>255,466,214</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>(179,197,657)</u>	<u>(21,007,231)</u>	<u>269,796,478</u>	<u>388,185,680</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	(3,625,652)	(6,864,776)	(3,625,652)	(6,864,776)
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>169,500,000</u>	<u>275,317,438</u>	<u>255,466,214</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>(182,823,309)</u>	<u>(27,872,007)</u>	<u>266,170,826</u>	<u>381,320,904</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Currently, the Group is principally engaged in two industry sectors: on one hand, it is the biological compound fertiliser business, which mainly includes a series of biological compound fertiliser products that are used for the facilitation of balanced growth of grains, fruits 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 that integrate 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, integration of elderly care service resources, supervision and consultancy on elderly care service management and other related old-aged service businesses. The Group has the world's exclusive quantitative EEG detection and analysis technology which is used for detecting children's dominant talents and mental diseases. During the period under review, the overall market of the compound fertiliser business operated by the Group was affected by the strengthened logistics transportation capacity, and stock piling up among primary distributors had become rarely seem due to the shortening cycle of compound fertiliser market. In the first half of the year, the raw material market encountered fluctuations, while the fluctuation of overall price ranges for compound fertiliser was insignificant. Meanwhile, the branding awareness of farmers needs further improvement. Under the impact of the low-priced products manufactured by small factories, profit margin for mainstream producers was shrinking gradually. Guangdong Fulilong Compound Fertilisers Co., Ltd. and Fulilong (Shandong) Fertilisers Co., Ltd., the subsidiaries of the Group, made timely adjustments to marketing strategies, expanded sales channels, and made continuous improvement to its product mix in improving product quality according to market conditions, striving to maintain the stable development of the compound fertiliser business.

During the period under review, the Company gradually carried out its nationwide operation management of elderly care institutions, integration of elderly care service resources, supervision and consultancy on elderly care service management and other related old-aged service businesses. The above services included the transformation of the trusteeship of elderly care service institutions and establishment of the operation management platform system of elderly care service institutions chain. On 30 March 2019, the Company and Almage Group, the largest Alzheimer nursing homes chain in France, entered into a strategic cooperation agreement to conduct cooperation in Alzheimer nursing and the operation and management of nursing homes. For details, please refer to the announcement of the Company dated 1 April 2019. For the EEG detection business, the Company changed its operating strategies and established the EEG detection system in China due to the restrictions of EEG data export under the Chinese government policies and regulations. However, market expansion, staff recruitment and business training were impeded due to EEG data not abling to interpret timely for producing detection report during the process of the technological research and development. Moreover, The Company faced certain unpredictable difficulties during the market expansion, and it is needed a certain period of time in expanding the EEG detection market in the PRC, which had led to slower development in the EEG detection business. Currently, the EEG detection system in China has become relatively stable, but it still needs constant upgrading and improvement. The Company is still proactively seeking cooperative partners and expanding its markets.

Fullfillment of Profit Guarantee of SJK Greater China Ltd. (“SJKGC”) for the Year Ended 31 December 2018

The Company would like to provide an update in relation to its acquisition (the “Acquisition”) of the 51% stake of SJKGC:

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

In view of the fact that the audited net profit after tax of SJKGC for the year ended 31 December 2018 was US\$305,000, the aforesaid profit guarantee for the year ended 31 December 2018 had not been fulfilled. Accordingly, the Company has been communicating with SJK, requesting SJK to fulfill its obligations pursuant to the Agreement. On 1 August 2019, the Company has instructed its legal representative to issue a letter to SJK requesting SJK to, among other things, pay to the Company (i) the shortfall or (ii) the unpaid guaranteed cash dividends on or before 15 August 2019, failure of which the Company may institute an arbitration proceeding against SJK pursuant to the Agreement.

Finance Review

Turnover, gross profit and gross profit margin

For the six months ended 30 June 2019, the Group achieved total turnover of RMB200,751,856, representing an increase of 13.92% as compared to the same period of last year (30 June 2018: RMB176,221,094). The consolidated gross profit of the Group was RMB25,449,134, representing a decrease of 10.74% as compared to the same period of last year (30 June 2018: RMB28,510,763). The consolidated gross profit margin of the Group was 12.67%, representing a decrease of 3.50% as compared to the same period of last year (30 June 2018: the consolidated gross profit margin was 16.18%). During the period under review, as the Group's compound fertilizer business was affected by those factors such as intensified competition in market product similarity, raw material price hike, price decrease in agricultural products and food and adverse weather conditions in the first half year, the consolidated gross profit and gross profit margin decreased by 3.50% as compared with the same period of last year. However, as benefited from our proactive market expansion in the Northeast China, the turnover increased by 17.78% as compared with the same period of last year.

Selling and distribution costs

For the six months ended 30 June 2019, selling and distribution costs of the Group were RMB9,636,063.96. During the period under review, selling and distribution costs decreased by 19.43% as compared to the same period of last year (30 June 2018: RMB11,960,597), which was primarily due to reduction in certain advertising and promotion expenses and change in certain unnecessary promotion policies for the Group's compound fertilizer business in the first half year.

Research and development and administrative expenses

For the six months ended 30 June 2019, research and development and administrative expenses of the Group were RMB20,445,160, representing an increase of 6.27% as compared to the same period of last year (30 June 2018: RMB19,239,128).

Finance costs

For the six months ended 30 June 2019, finance costs of the Group were RMB1,685,338, representing a decrease of 7.79% as compared to the same period of last year (30 June 2018: RMB1,827,771), the details of which are set out in Note 3 enclosed to the accounts.

Loss for the period

For the six months ended 30 June 2019, loss attributable to equity owners of the Company was RMB6,835,079, representing a decrease of 16.50% as compared to the same period of last year (30 June 2018: loss of RMB8,185,599); loss per share of the Company was RMB0.361 cents (30 June 2018: loss per share of RMB0.467 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 at 30 June 2019, the bank and cash balance of the Group was approximately RMB15,288,638 (31 December 2018: RMB43,129,493), bank borrowings were RMB46,600,000 (31 December 2018: RMB49,500,000). The bank borrowings provided by various banks in the PRC were denominated in RMB and at fixed annual interest rates ranging from 4.35% to 6.5% (31 December 2018: ranging from 4.35% to 6.5%). Of which, the bank borrowings amounting to RMB400,000 in total will be due successively in the second half of 2019, bank borrowings amounting to RMB39,000,000 in total will be due successively in the first half of 2020 and bank borrowings amounting to RMB7,200,000 in total will be due successively in the second half of 2020.

As at 30 June 2019, the total assets of the Group were approximately RMB465,702,878 (31 December 2018: RMB448,979,504), with total current liabilities of approximately RMB175,442,951 (31 December 2018: RMB157,311,873), shareholders' interests of RMB265,461,060 (31 December 2018: RMB273,005,905) and minority interests of approximately RMB24,798,868 (31 December 2018: RMB18,661,726).

As at 30 June 2019, the consolidated asset debt ratio of the Group, which is the ratio between total liabilities and total assets, was 0.38 (31 December 2018: 0.35). The gearing ratio of the Group, which is the ratio between total bank borrowings and total assets, was 0.10 (31 December 2018: 0.11). The current ratio of the Group, which is the ratio between current assets and current liabilities, was 1.78 (31 December 2018: 1.87).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2019, the Group and the Company had contingent liabilities amounting to RMB15,000,000 (31 December 2018: RMB17,500,000) and RMB15,000,000 (31 December 2018: RMB17,500,000) respectively which were related to the guarantee provided by the Group and the Company in securing the bank loans granted to its subsidiaries.

EXPOSURE TO FOREIGN CURRENCY RISK

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

TREASURY POLICIES

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

FUTURE OUTLOOK

The CPC has always placed the issues relating to agriculture, rural areas and farmers at a strategic height and core position that concern national economy and people's livelihood. The solving of the issues in agriculture, rural areas and farmers has always been the top priority of the CPC's works. Since the 19th National Congress of the CPC, both the Party Central Committee and the State Council have taken a series of major measures to accelerate the revitalization of rural areas. To promote the sustainable development of agriculture, it is imperative to establish the concept of developing green agriculture to protect the ecology. The new concept of agricultural green development has pointed out the direction and way out for the future development of China's agriculture industry. Since last year, the government has maintained a steady and promising development trend in China's fertilizer industry with stable supply and demand and high prices. However, it is worth noting that the sluggish demand in downstream markets and grim situation in export still plague the development of the industry. In addition, the tightening of safety and environmental protection policies will also bring huge challenges to the industry. In facing the brutal market competition, the Company's subsidiaries engaging in compound fertilizer production actively take effective measures under the market-oriented and crop demand-oriented approach to widely explore new customers, strictly control product quality, and provide affordable high-quality fertilizers for farmers, which thereby ensuring a sustainable and healthy development of the Group's compound fertilizer business.

In recent years, in facing the grim situation of accelerated population aging, the government has introduced a series of policies to promote innovation in terms of system and mechanism, improve the social elderly care service system, and support the healthy development of the elderly care service industry. On 2 January 2019, the Ministry of Civil Affairs issued the Notice of the Ministry of Civil Affairs on Implementing the Newly Revised Law of the People's Republic of China on the Protection of the Rights and Interests of the Elderly (民政部關於貫徹落實新修改的《中華人民共和國老年人權益保障法》的通知), abdicated the license for establishing an elderly care institutions to further lower the entry barrier for the elderly care industry. On 16 April 2019, the State Council issued the "Opinions on Promoting the Development of Elderly Care Services" (《關於推進養老服務發展的意見》), which proposes to deepen the reform of authority delegation and service optimization, broaden the investment and financing channels for elderly care services, expand the employment and entrepreneurship in elderly care services, and increase the consumption of elderly care services. On 4 July 2019, the Ministry of Finance and other five ministries jointly issued the "Notice on Tax and Charge Preferential Policies for Community and Family Service Industry like, Elderly Care, Child Care, Home Services" (《關於養老·托育·家政等社區家庭服務業稅費優惠政策的公告》), which determined to increase the tax and charge preferential policy support for community and family service industry, and from 1 June 2019 to the end of 2025, it is exempted from the value added tax on income from the provision of community related services like elderly service, child care and home service. With the support of a series of national policies, China's elderly care service industry is gradually emerging and developing, the environment for development of elderly care services has been improved, and the elderly care service industry has shown a trend of accelerating development. The current national policy clarifies the objective of building a multi-level elderly care service system by taking home as a base, community as a support and institution as a supplement with a combination of medical, elderly care and nursing services. The Group has actively built an industrial holding platform comprising medical services and elderly care services, expanded the Group's healthy and elderly care business to enhance its core competitiveness in such sector, form unique nursing capabilities and competitive barriers, and it will gradually improve the construction and development of the industrial holding platform comprising medical services and elderly care services and strive to cultivate the healthy elderly care service business to become as a new profit growth point of the Company to effectively achieve the strategic innovation and upgrading of the Company. For the EEG detection business, the current EEG detection business is developing slowly due to various reasons, but the quantitative EEG detection technology has its higher technological advanced and market applicability. We will continue to assist SJK to continuously improve the EEG detection system in China and continue to expand the market by establishing self-operated outlets or signing exclusive regional licensed agents.

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

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

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

Save as disclosed in this paragraph, as at 30 June 2019, 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 2019, the following persons (other than the directors and the supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

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

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

Note : All of the shares represent domestic shares.

Save as disclosed above, as at 30 June 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.

COMPETING INTERESTS

During the six months ended 30 June 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.

CHANGE OF CHIEF EXECUTIVE OFFICER

On 1 February 2019, the Company announced that Ms. Sun Li (“Ms. Sun”) resigned as the Chief Executive Officer (the “CEO”) of the Company with effect from 1 February 2019, in order to dedicate more efforts and spend more time in deciding and dealing with the Company’s corporate policies and major matters. Ms. Sun will remain as the Chairman of the Board, an executive director, the chairman of the nomination committee and a member of the remuneration committee of the Company. At the same time, the Board announced to appoint Mr. Yang Junmin to replace Ms. Sun as the CEO with effect from 1 February 2019. For details, please refer to the announcement the Company dated 1 February 2019 published on the GEM website.

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 2019.

SHARE OPTION SCHEME

The Company had not approved any new share option scheme during the period ended 30 June 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 or existed during the period in the first half of 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 in the first half of 2019.

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 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.

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 officer should be separated and should not be performed by the same individual during the period under review.

Since September 2015, as Ms. Sun Li ("Ms. Sun") serves as the Chairman and Chief Executive Officer (the "CEO") of the Company, such practice deviates from code provision A.2.1 of the Code. On 1 February 2019, Ms. Sun resigned as the CEO and Mr. Yang Junmin ("Mr. Yang") was appointed as the new CEO. For details, please refer to the announcement the Company dated 1 February 2019 published on the GEM website. Upon the appointment of Mr. Yang as the new CEO with effect from 1 February 2019, the Group has complied with code provision A.2.1 of the Code as well as all the other provisions of the Code during the period under review.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2019.

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

Tianjin, the PRC
9 August 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, Wang Yongkang and Gao Chun.

This announcement will remain at the “Latest Listed Company Information” page on the GEM website at 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.