



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 2021

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

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This announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (“the Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- Consolidated turnover of the Group for the six months ended 30 June 2021 amounted to RMB241,786,926, representing an increase of 46.30% as compared to the same period of last year (30 June 2020: RMB165,271,920).
- Consolidated gross profit of the Group for the six months ended 30 June 2021 amounted to RMB28,064,013, representing a growth of 92.72% as compared to the same period of last year (30 June 2020: RMB14,562,341).
- Profit attributable to equity owners of the Company for the six months ended 30 June 2021 was RMB809,551, representing an increase of 115.37% as compared to the same period of last year (30 June 2020: loss of RMB5,266,120); earnings per share of the Company was RMB0.043 cents (30 June 2020: loss per share of RMB0.278 cents).
- The Board does not recommend the payment of dividends for the six months ended 30 June 2021.

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 2021, together with the comparative figures of the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	(Unaudited)		(Unaudited)	
		For the six months		For the three months	
		ended 30 June		ended 30 June	
		2021	2020	2021	2020
		RMB	<i>RMB</i>	RMB	<i>RMB</i>
Revenue	2	241,786,926	165,271,920	117,379,301	96,748,040
Cost of sales		(213,722,913)	(150,736,113)	(103,037,928)	(86,095,050)
Gross profit		28,064,013	14,562,341	14,341,373	10,679,524
Other expenses and net loss/Income		399,634	5,028,656	258,820	5,110,431
Selling and distribution costs		(13,117,605)	(9,339,918)	(5,289,192)	(5,579,697)
R&D and administrative expenses		(14,279,494)	(13,713,407)	(6,824,430)	(8,144,777)
Finance costs	3	(735,141)	(663,362)	(661,916)	(245,331)
(Loss)/profit before taxation		331,407	(4,125,690)	1,824,655	1,820,149
Income tax	5	56,255	(269,779)	56,255	(269,779)
(Loss)/profit for the period		<u>387,662</u>	<u>(4,395,469)</u>	<u>1,880,910</u>	<u>1,550,370</u>
Attributable to:					
Owners of the Company					
– (Loss)/profit for the period		<u>809,551</u>	<u>(5,266,120)</u>	<u>975,176</u>	<u>325,264</u>
Non-controlling interests					
– (Loss)/profit for the period		<u>(421,889)</u>	<u>(870,651)</u>	<u>905,734</u>	<u>(516,196)</u>
Loss per share-Basic (RMB)		<u>0.043 cents</u>	<u>(0.278) cents</u>	<u>0.052 cents</u>	<u>0.016 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June	31 December
		2021	2020
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB	RMB
Non-current assets			
Property, plant and equipment	7	56,177,527	58,560,890
Goodwill		420,000	420,000
Intangible asset		8,936,694	2,036,000
Interest in an associate		4,152,730	3,947,848
Prepaid land lease payments		–	–
Prepayments and other receivables		–	–
Amount due from an associate		–	–
Right-of-use assets		66,562,145	67,780,900
		<hr/>	<hr/>
Total non-current assets		136,249,096	132,745,638
		<hr/>	<hr/>
Current assets			
Inventories		136,780,295	91,642,179
Trade and bills receivables	8	56,332,343	43,892,498
Prepayments and other receivables	9	77,275,173	85,272,882
Amount due from an associate		3,153,315	3,833,315
Financial assets at fair value through profit or loss		1,000,000	22,000,000
Cash and bank balances		26,789,577	13,531,995
		<hr/>	<hr/>
Total current assets		301,330,703	260,172,869
		<hr/>	<hr/>
Total assets		437,579,799	392,918,507
		<hr/>	<hr/>

		30 June 2021 (Unaudited) RMB	31 December 2020 (Audited) RMB
	<i>Notes</i>		
Current liabilities			
Trade payables	10	69,842,562	43,768,089
Contract liabilities		88,672,259	78,967,149
Other payables and accruals	11	64,326,620	59,194,072
Amount due to a director		–	–
Amount due to shareholders		–	–
Amount due to non-controlling interests		1,120,528	1,120,528
Lease liabilities		1,791,388	1,791,388
Current tax liabilities		(1,012,201)	75,078
Bank borrowings		19,400,000	9,400,000
		<u>244,141,156</u>	<u>194,316,304</u>
Total current liabilities			
		<u>57,189,547</u>	<u>65,856,565</u>
Net current assets			
		<u>193,438,643</u>	<u>198,602,203</u>
Total assets less current liabilities			
Non-current liabilities			
Bank and other borrowings		6,200,000	6,400,000
Lease liabilities		31,449,841	37,058,624
		<u>37,649,841</u>	<u>43,458,624</u>
Total non-current liabilities			
Net Assets		<u>155,788,802</u>	<u>155,143,579</u>
Capital and reserves attributable to owners of the Company			
Share capital	12	189,450,000	189,450,000
Reserves		(45,604,786)	(46,414,337)
		<u>143,845,214</u>	<u>143,035,663</u>
Equity attributable to owners of the company		143,845,214	143,035,663
Non-controlling interests		11,943,588	12,107,916
		<u>155,788,802</u>	<u>155,143,579</u>
Total equity			

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 30 June	
	2021	2020
	Unaudited	Unaudited
	<i>RMB</i>	<i>RMB</i>
Cash flows from operating activities		
Cash used in operation	18,432,038	(9,180,338)
Interests received	4,449	85,465
Income tax paid	58,514	–
Interests paid	(528,053)	(941,617)
	<u>17,966,948</u>	<u>(10,036,490)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,209,366)	(212,492)
Payment of construction in progress	–	–
Sales of property, plant and equipment	–	–
Interest received	–	–
Purchase of subsidiaries	–	–
	<u>(1,209,366)</u>	<u>(212,492)</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 borrowing	–	22,200,000
Repayment of short-term bank borrowings	(3,500,000)	(24,400,000)
	<u>(3,500,000)</u>	<u>(2,200,000)</u>
Net cash used in financing activities		
NET DECREASE IN CASH AND BANK BALANCES	13,257,582	(12,448,982)
CASH AND BANK BALANCES		
AT THE BEGINNING OF THE PERIOD	<u>13,531,995</u>	<u>24,218,681</u>
CASH AND BANK BALANCES AT THE END		
OF THE PERIOD	<u><u>26,789,577</u></u>	<u><u>11,769,699</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 2021 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 2020.

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	
	2021	2020	2021	2020
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Fertilizer products	241,485,691	165,061,211	117,106,101	96,587,459
Elderly care and health care services	301,235	210,709	273,200	160,581
	<u>241,786,926</u>	<u>165,271,920</u>	<u>117,379,301</u>	<u>96,748,040</u>

3. FINANCE EXPENSE

	For the six months ended 30 June		For the three months ended 30 June	
	2021	2020	2021	2020
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Interest expense on bank loans and bank changes	735,141	663,362	661,916	728,465
	<u>735,141</u>	<u>663,362</u>	<u>661,916</u>	<u>728,465</u>

4. LOSS BEFORE TAX

	For the six months ended 30 June	
	2021 RMB	2020 RMB (re-presented)
Depreciation of property, plant and equipment	<u>2,383,363</u>	<u>3,524,056</u>
	<u>2,383,363</u>	<u>3,524,056</u>
Amortization of intangible asset	<u>83,102</u>	<u>913,019</u>
	<u><u>83,102</u></u>	<u><u>913,019</u></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% (2020: 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% (2020: 15%).

Hongkong Teda Biomedical Investment Limited is subject to Hong Kong profits tax calculated at the rate of 16.5% (2020: 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 (2020: Nil).

(b) Income tax expense

	For the six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	<u>(56)</u>	<u>270</u>

The income tax charge in Hong Kong is Nil for the period ended 30 June 2021 (June 2020: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB-56,255 for the period ended 30 June 2021 (June 2020: RMB269,779).

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

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit before income tax expense	<u>(1,876)</u>	<u>(4,126)</u>
Tax calculated at the EIT rate of 25%	(469)	(1,032)
Tax rate differential	(281)	(310)
Effect of tax holiday exemption	-	-
Effect of the tax losses on consolidation	694	1,612
Tax effect of expenses that are not deductible in determining taxable profit	<u>-</u>	<u>-</u>
Tax expense for the period	<u>(56)</u>	<u>270</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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the purpose of basic loss per share	<u>809,551</u>	<u>(5,266,120)</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>

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB479,080 (2020: RMB3,862,103) 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 2021 (Unaudited) RMB	31 December 2020 (Audited) RMB
Trade receivables	134,156,924	121,717,079
Less: Allowance for doubtful debts	<u>(77,824,581)</u>	<u>(77,824,581)</u>
	56,332,343	43,892,498
Bills receivables	<u>—</u>	<u>—</u>
Trade receivable, net	<u>56,332,343</u>	<u>43,892,498</u>

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

	30 June 2021 (Unaudited) RMB	31 December 2020 (Audited) RMB
Within 3 months	28,485,320	23,608,030
Over 3 months but within 6 months	17,735,240	12,162,620
Over 6 months	<u>10,111,783</u>	<u>8,121,848</u>
	<u>56,332,343</u>	<u>43,892,498</u>

9. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2021 (Unaudited) RMB	31 December 2020 (Audited) RMB
Other receivables	17,999,232	17,132,995
Less: allowance for doubtful debts	<u>(5,893,378)</u>	<u>(5,893,378)</u>
	12,105,854	11,239,617
Deposits and prepayments	<u>65,169,319</u>	<u>74,033,265</u>
	<u>77,275,173</u>	<u>85,272,882</u>

10. TRADE PAYABLES

The aging analysis of trade payable is as follows:

	30 June 2021 (Unaudited) RMB	31 December 2020 (Audited) RMB
Within 3 months	54,472,803	35,043,729
Over 3 months but within 6 months	3,609,472	110,089
Over 6 months	<u>11,760,287</u>	<u>8,614,271</u>
	<u>69,842,562</u>	<u>43,768,089</u>

11. OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	30 June 2021 (Unaudited) RMB	31 December 2020 (Audited) RMB
Other payables	38,714,370	39,615,529
Accruals	8,201,680	3,553,797
Advance received	14,715,676	13,329,852
Payables to Social Welfare Fund	2,694,894	2,694,894
	<u>64,326,620</u>	<u>59,194,072</u>

12. SHARE CAPITAL

	30 June 2021		31 December 2020	
	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 2021, 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 RMB0 (June 2020: RMB10,893,750).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (June 2020: Nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Other reserve		Accumulated Losses		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January	189,450,000	189,450,000	275,317,438	275,317,438	3,717,696	3,717,696	2,541,404	2,541,404	(19,382,403)	(19,382,403)	(308,608,472)	(260,610,037)	143,035,663	191,034,098
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	(165,625)	(5,591,384)	165,625	(5,591,384)
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>(308,774,097)</u>	<u>(266,201,421)</u>	<u>142,870,038</u>	<u>185,442,714</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	975,176	(325,264)	975,176	325,264
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>(307,798,921)</u>	<u>(265,876,157)</u>	<u>143,845,214</u>	<u>185,767,978</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. On the other hand, it is the elderly care and health care business, which principally includes the comprehensive layout of elderly care services integrating medical services and elderly care services, and operation and management business that have strong demand with focus on the public with complete or partial disability or dementia. Such business mainly includes nationwide operation management development of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related elderly care service businesses. For the EEG detection business, expanding the EEG detection market in the PRC still needed a certain period of time, which had led to slower development in the EEG detection business. However, the Group is still making efforts to advance the development of EEG detection business.

During the period under review, due to the impact of the novel coronavirus pneumonia (“COVID-19”) pandemic, there was a severe shortage in the supply of bulk commodities around the world. At the same time, the Federal Reserve adopted a flood-like quantitative easing monetary policy, resulting in a continuous increase in the price of bulk commodities. Many commodity prices rose by more than 50% or even higher than the normal level. The collective price increase of international bulk commodities also led to the fluctuation of other commodity prices, causing a wave of global “price increase”. The prices of raw materials of compound fertilizers also increased significantly, and hence the selling prices of compound fertilizers also rose. However, due to the fierce market competition in the compound fertilizer industry and the low acceptance of farmers for the increase in the prices of compound fertilizers, the increase in the selling prices of compound fertilizers was lower than the increase in the prices of raw materials, resulting in a decline in the overall profit margin of compound fertilizer enterprises. In the face of the above difficulties, the Group strengthened its market sales management and continuously adjusted its product structure, thereby facilitating a significant increase in the sales volume of compound fertilizers and a significant improvement in its operating conditions and financial position. In addition, the urban sludge treatment business of Guangdong Fulilong developed smoothly and became an important profit growth point of the Group. Currently, (biological) organic fertilizers, nutrient soil and soil conditioning agents, which are mainly used for the soil conditioning and restoration of its own leased forest farms, are produced after the treatment of urban sludge by Guangdong Fulilong. Guangdong Fulilong is accelerating its research and development to produce marketable (biological) organic fertilizers, nutrient soil, soil conditioning agents and other products.

With regard to the elderly care business, the Company will deeply expand the elderly health and care services, including businesses such as travel, leisure and vacation services for the elderly. As the Company has worked hard on the safety and pandemic prevention of elderly care institutions, there has not been a single case of COVID-19 in the elderly care institutions entrusted to the Company by far, 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. The brain wave detection business has been developing, yet still in a slow pace. The Company is striving to seek business partners and expand the market.

Finance Review

Turnover, gross profit and gross profit margin

For the six months ended 30 June 2021, the Group achieved total turnover of RMB241,786,926, representing a growth of 46.30% as compared to the same period of last year (30 June 2020: RMB165,271,920). The consolidated gross profit of the Group was RMB28,064,013, representing an increase of 92.72% as compared to the same period of last year (30 June 2020: RMB14,562,341). The consolidated operating gross profit margin of the Group was 11.61% (30 June 2020: the consolidated gross profit margin was 8.81%).

Selling and distribution costs

For the six months ended 30 June 2021, selling and distribution costs of the Group were RMB13,117,605. During the period under review, selling and distribution costs increased by 40.45% as compared to the same period of last year (30 June 2020: RMB9,339,918), which was primarily due to the enhanced marketing effort of the Group for its compound fertiliser business under the fierce market competition which resulted in an increase in the selling and distribution costs as compared to the same period last year.

Research and development and administrative expenses

For the six months ended 30 June 2021, research and development and administrative expenses of the Group were RMB14,279,494, representing an increase of 4.13% as compared to the same period of last year (30 June 2020: RMB13,713,407).

Finance costs

For the six months ended 30 June 2021, finance costs of the Group were RMB735,141, representing an increase of 10.82% as compared to the same period of last year (30 June 2020: RMB663,362), 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 2021, profit attributable to equity owners of the Company was RMB809,551, representing an increase of 115.37% as compared to the same period of last year (30 June 2020: loss of RMB5,266,120); earnings per share of the Company was RMB0.043 cents (30 June 2020: loss per share of RMB0.278 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 2021, the bank and cash balance of the Group were approximately RMB26,789,577 (31 December 2020: RMB13,531,995), bank borrowings were RMB16,200,000 (31 December 2020: RMB6,400,000). The bank borrowings provided by various banks in the PRC were denominated in RMB and at fixed annual interest rates ranging from 4.38% to 6.52% (31 December 2020: ranging from 4.35% to 6.50%). As of 30 June 2021, the total assets of the Group were approximately RMB437,579,799 (31 December 2020: RMB392,918,507), with total current liabilities of approximately RMB244,141,156 (31 December 2020: RMB194,316,304), shareholders' interests of RMB143,845,214 (31 December 2020: RMB143,035,663) and minority interests of approximately RMB11,943,588 (31 December 2020: RMB12,107,916).

As of 30 June 2021, the consolidated asset debt ratio of the Group, which is the ratio between total liabilities and total assets, was 0.64 (31 December 2020: 0.61). The gearing ratio of the Group, which is the ratio between total bank borrowings and total assets, was 0.04 (31 December 2020: 0.02). The current ratio of the Group, which is the ratio between current assets and current liabilities, was 1.23 (31 December 2020: 1.34).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2021, the Group and the Company had contingent liabilities amounting to RMB0 (31 December 2020: RMB10,893,750), 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

With the gradual control of the global COVID-19 pandemic, the demand brought by the economic recoveries of China, the United States and Europe has improved. The rapid rise in bulk commodity prices may have ended, and has entered the stage of high-level consolidation and diversification. Hence, the rapid rise in the price of compound fertilizer raw materials will also gradually come to an end. In addition, in the first half of the year, faced with a significant increase in raw materials, a large number of small-scale compound fertilizer enterprises gradually withdrew from the market, and the upstream and downstream markets of compound fertilizer will gradually recover. 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. Moreover, the amount of urban sludge generated in China continued to increase. Whether the sludge can be properly treated is directly related to environmental safety and public health. The government attaches great importance to urban sludge treatment. In response to the government's call, the Company took advantage of the Company's compound fertilizer business production line to vigorously develop urban sludge treatment business, which not only solved environmental issues, but also created value for the shareholders of the Company.

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. In the aspect of EEG detection business, the business development was still relatively slow, but the technology has a high level of technological advancement and market application, and the Group is striving to expand this business.

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

As at 30 June 2021, 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 Lvyue Fertilizers Company Limited (“Lvyue Fertilizers”). Ms. Sun Li is the beneficial owner of Beijing Yingguxinye Investment Co., Ltd. (“Yingguxinye”) holding its 15% equity interest, while Yingguxinye holds 100% equity interest in Xiangyong Investment and Lvyue Fertilizers respectively. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as of 30 June 2021, 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 2021, 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 (Note)	9.63%
Shenzhen Xiangyong Investment Company Limited	Beneficial owner	180,000,000 (Note)	9.50%
Shandong Zhinong Fertilizers Company Limited	Beneficial owner	180,000,000 (Note)	9.50%
Dongguan Lvye Fertilizers Company Limited	Beneficial owner	120,000,000 (Note)	6.33%

Note 1: All of the shares represent domestic shares.

Save as disclosed above, as at 30 June 2021, 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 and 26 July 2021 published on the GEM website.

ADJUSTMENT TO DIRECTOR’S REMUNERATION

As Mr. Hao Zhihui, an executive Director, retired on 15 April 2021, the Company convened a Board meeting on 9 June 2021 to consider and approve the adjustment of the remuneration of Mr. Hao Zhihui, an executive Director. The annual basic remuneration of Mr. Hao Zhihui was adjusted from RMB502,500 to RMB357,032 for the period from 1 May 2021 to the end of the service period. Mr. Hao Zhihui will remain as an executive Director of the Company after his retirement.

COMPETING INTERESTS

During the six months ended 30 June 2021, 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 2021.

SHARE OPTION SCHEME

The Company had not approved any new share option scheme during the period ended 30 June 2021.

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 2021.

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 2021.

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 2021.

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

Tianjin, the PRC
9 August 2021

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