



天津泰達生物醫學工程股份有限公司
Tianjin TEDA Biomedical Engineering Company Limited
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock code: 8189)

ANNOUNCEMENT ON FIRST QUARTERLY RESULTS FOR 2021

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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 three months ended 31 March 2021 amounted to RMB124,407,625, representing a growth of 81.55% as compared to the same period of last year (31 March 2020: RMB68,523,880).
- Consolidated gross profit of the Group for the three months ended 31 March 2021 amounted to RMB13,722,640, representing a growth of 253.42% as compared to the same period of last year (31 March 2020: RMB3,882,817).
- Loss attributable to equity owners of the Company for the three months ended 31 March 2021 was RMB165,625, representing a decrease of 97.04% as compared to the same period of last year (31 March 2020: loss of RMB5,591,384); loss per share of the Company was RMB0.009 cents; while loss per share for the same period of last year was RMB0.295 cents.
- The Board does not recommend the payment of dividends for the three months ended 31 March 2021.

QUARTERLY RESULTS (UNAUDITED)

The board of directors (the “Board”) of Tianjin TEDA Biomedical Engineering Company Limited (the “Company”) is pleased to announce the unaudited quarterly results of the Company and its subsidiaries (hereafter collectively referred to as the “Group”) for the three months ended 31 March 2021, together with the comparative figures of the corresponding period in 2020 as follows:

		(Unaudited)	
		For the three months	
		ended 31 March	
		2021	2020
	<i>Notes</i>	RMB	RMB
Revenue	2	124,407,625	68,523,880
Cost of sales		<u>(110,684,985)</u>	<u>(64,641,063)</u>
Gross profit		13,722,640	3,882,817
Other income and net loss		140,814	(81,775)
Selling and distribution costs		(7,828,413)	(3,760,221)
R&D and administrative expenses		(7,455,064)	(5,568,630)
Finance costs		<u>(73,225)</u>	<u>(418,031)</u>
Loss before taxation		(1,493,248)	(5,945,839)
Income tax	3	<u>—</u>	<u>—</u>
Loss for the period		<u>(1,493,248)</u>	<u>(5,945,839)</u>
Attributable to:			
Owners of the Company		<u>(165,625)</u>	<u>(5,591,384)</u>
Non-controlling interests		<u>(1,327,623)</u>	<u>(354,455)</u>
Loss per share – Basic (<i>RMB</i>)	4	<u>(0.009) cents</u>	<u>(0.295) cents</u>

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Financial Reporting Standards, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”). In the current period, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKAS”) (collectively “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants which are relevant to its operations and effective for accounting periods beginning on or after 1 January 2011. The application of the new HKFRSs has had no material impact on the Group’s unaudited results of operations and financial position. The financial statements have been prepared on a going concern basis, assuming that the Group will continue to operate as a going concern. The validity of the Group’s ability to continue as a going concern depends on the success of the Group’s future operations. Consequently, the Directors have prepared the unaudited quarterly results for the three months ended 31 March 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 three months ended 31 March	
	2021	2020
	RMB	RMB
Fertilizer products	124,379,590	68,473,752
Elderly care and health care services	28,035	50,128
	<u>124,407,625</u>	<u>68,523,880</u>

3. INCOME TAX

(a) Enterprise income tax (“EIT”)

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

Guangdong Fulilong Compound Fertilizers Co., Ltd. is recognized as a High and New-Tech enterprise according to the PRC tax regulations and is entitled to a preferential tax rate of 15% (2018: 15%).

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

(b) **Income tax expense**

	For the three months ended 31 March	
	2021	2020
	RMB'000	RMB'000
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	<u> -</u>	<u> -</u>

The income tax charge in Hong Kong is Nil for the three months ended 31 March 2021 (first quarter 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 Nil for the three months ended 31 March 2021 (first quarter 2020: Nil).

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

	For the three months ended 31 March	
	2021	2020
	RMB'000	RMB'000
Loss before income tax expense	<u>(1,493)</u>	<u>(5,946)</u>
Tax calculated at the EIT rate of 25%	(373)	(1,487)
Tax rate differential	67	236
Effect of tax holiday exemption	-	-
Effect of the tax losses on consolidation	306	1,251
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Tax expense for the period	<u> -</u>	<u> -</u>

4. 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 three months ended 31 March	
	2021	2020
	RMB'000	RMB'000
Loss for the purpose of basic earnings per share	<u>(165,625)</u>	<u>(5,591,384)</u>
Number of shares		
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>1,894,500,000</u>	<u>1,894,500,000</u>

DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2021 (first quarter 2020: Nil).

MOVEMENT OF RESERVES

	Share Capital		Share premium		Accumulated Losses		Capital reserve		Surplus reserve		Other reserve		Total	
	2021 RMB	2020 RMB	2021 RMB	2020 RMB	2021 RMB	2020 RMB	2021 RMB	2020 RMB	2021 RMB	2020 RMB	2021 RMB	2020 RMB	2021 RMB	2020 RMB
Balance as at 1 January	189,450,000	189,450,000	275,317,438	275,317,438	(308,608,472)	(260,610,037)	2,541,404	2,541,404	3,717,696	3,717,696	(19,382,403)	(19,382,403)	143,035,663	191,034,098
Loss attributable to equity holders of the Company for the three months ended 31 March	-	-	-	-	(165,625)	(5,591,384)	-	-	-	-	-	-	(165,625)	(5,591,384)
Issue of new shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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>(308,774,097)</u>	<u>(266,201,421)</u>	<u>2,541,404</u>	<u>2,541,404</u>	<u>3,717,696</u>	<u>3,717,696</u>	<u>(19,382,403)</u>	<u>(19,382,403)</u>	<u>142,870,038</u>	<u>185,442,714</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 principally includes multiple series of biological compound fertiliser products that are used for the facilitation of balanced growth of grains, fruit and vegetables. On the other hand, it is the elderly care and health care business, which principally includes the comprehensive layout of elderly care services integrating medical services and elderly care services, and operation and management business that have strong demand with focus on the public with complete or partial disability or dementia. Such business mainly includes nationwide operation management development of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related elderly care service businesses. For the EEG detection business, it still 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. However, the Group is still proactively expanding its customer base and seeking new cooperative partners, and endeavors to advance the development of EEG detection business.

Financial Review

For the three months ended 31 March 2021, the Group achieved a consolidated turnover of RMB124,407,625, representing a growth of 81.55% as compared to the same period of last year (31 March 2020: RMB68,523,880), the consolidated gross profit of the Group was RMB13,722,640, representing a growth of 253.42% as compared to the same period of last year (31 March 2020: RMB3,882,817), and the consolidated gross profit margin of the Group was 11.03%, representing an increase of 5.36% as compared to the same period of last year (31 March 2020: the consolidated gross profit margin was 5.67%).

For the three months ended 31 March 2021, loss attributable to the owners of the Company was RMB165,625 (31 March 2020: loss of RMB5,591,384); and loss per share of the Company was RMB0.009 cents as compared to loss per share of RMB0.295 cents of the same period in the previous year.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 31 March 2021, the Group and the Company had contingent liabilities amounting to RMB3,000,000 (31 December 2020: RMB Nil) and RMB Nil (31 December 2020: RMB Nil) 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

The fertiliser industry in China is experiencing an unprecedented stage of innovative development with the constant emergence of new formulations, new technologies and new products. Relevant fertiliser standards are gradually introduced in which they also bring opportunities for integration and development in the fertiliser industry. Based on experience in foreign countries, the amount of fertiliser application in some developed countries in the EU, North America, Asia and the Middle East usually experiences a rapid growth initially, then remains stable with a steady decline or continuous decline trend after reaching its peak. It will then gradually move on to the course for sustainable development with reduced fertiliser application and enhanced efficiency and high output and high efficiency. For the transformation and upgrading of the chemical fertiliser industry in China, it is required to increase the compounding rate and improve the efficiency of fertiliser application. It needs to carry out product upgrades and promotes more targeted and effective new fertilisers such as special fertilisers and specialty fertilisers. Increasing efforts are needed to regulate the industry, speed up the elimination of poor-quality fertiliser and accelerate the increase of industry concentration. In order to adapt to the ever-changing market needs, the fertiliser subsidiaries under the Group are constantly adjusting product mix and upgrading manufacturing processes. In the new year, the Company will adopt a different means of marketing to promote our new fertiliser product series actively so as to promote the sustainable and healthy development of the Group's compound fertiliser business.

The Fifth Plenum of the 19th CPC Central Committee put forward the “national strategy of proactively addressing population aging”. The Recommendations of the CPC Central Committee for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Goals for 2035 《中共中央關於制定國民經濟和社會發展第十四個五年規劃和二零三五年遠景目標的建議》， which was unanimously adopted at the plenum, proposes to develop inclusive elderly care services and mutual aid elderly care, support families to undertake elderly care functions, foster new types of elderly care services, develop an elderly care service system that coordinates community with institutions and integrates medical care and elderly care, so as to improve the comprehensive monitoring system for elderly care services. At 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 with the aims to constantly enhance its own professional capability of elderly nursing. The Group will develop or invest in international leading mid-to-high end elderly care institutions and elderly care communities when appropriate. In addition, the Group will vigorously expand the assistive equipment rental business and continue to improve the system, quality standards and service procedures to provide more comprehensive elderly care services for the elderly. For the EEG detection business, owing to relatively slow business development as a result of various factors, coupled with the spreading of COVID-19 epidemic across China and to the world in the first half of this year, the EEG detection business has been significantly affected. However, in light of the great advancement and wide application of this technology, the Group is endeavoring to expand this business.

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

As at 31 March 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 <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 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 31 March 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 31 March 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 issued 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 Fertilisers”)	Beneficial owner	180,000,000 <i>(Note)</i>	9.50%
Dongguan Lvye Fertilizers Company Limited (“Lvye Fertilisers”)	Beneficial owner	120,000,000 <i>(Note)</i>	6.33%

Note: All of the shares represent domestic shares.

Save as disclosed above, as at 31 March 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 years ended 31 December 2018 and 31 December 2019 had not been fulfilled. As of now, SJK had not effected the payment of guaranteed cash dividend to the Company with a total amount of US\$5,500,000. The Company has initiated the arbitration proceeding at the Hong Kong International Arbitration Centre on 3 September 2019 and 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 and 26 March 2021 published on the GEM website.

COMPETING INTERESTS

During the three months ended 31 March 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 first quarterly results and the first quarterly report of the Group for the three months ended 31 March 2021.

SHARE OPTION SCHEME

The Company had not approved any new share option scheme during the period ended 31 March 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 ended 31 March 2021.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not redeem any of its shares during the period under review. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the period ended 31 March 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 emphasise an efficient board of directors and sound internal control, as well as the transparency presented to all of the shareholders. The directors are of the view that the Company had complied with all the provisions of the Code during the period under review.

By order of the Board

Tianjin TEDA Biomedical Engineering Company Limited

Sun Li

Chairman

Tianjin, the PRC, 10 May 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 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> at the "Latest Company Announcements" page 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.