



2017

INTERIM REPORT



泰达

天津泰达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)

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

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Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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The information set out in this report, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (“the Company”) collectively and individually accept full responsibility, is given in compliance with the Rules Governing the Listing of Securities on the GEM of The Stock Exchange for the purpose of giving data 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 report 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 this report or any statement herein misleading.

HIGHLIGHTS

- Consolidated turnover of the Group for the six months ended 30 June 2017 amounted to RMB157,551,363, representing a decrease of 24.77% as compared to the same period of last year (30 June 2016: RMB209,435,809).
- Consolidated gross profit of the Group for the six months ended 30 June 2017 amounted to RMB21,873,195, representing a decrease of 48.74% as compared to the same period of last year (30 June 2016: RMB42,674,864).
- Loss attributable to the equity owners of the Company for the six months ended 30 June 2017 was RMB5,805,526, the company's equity owners should make a profit of 8,740,566 in the same period last year; the loss per share of the Company was RMB0.358 cents as compared to earnings per share of RMB0.548 cents of the same period of last year.
- The Board does not recommend the payment of dividend for the six months ended 30 June 2017.

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 2017, together with the comparative figures of the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
		2017	2016	2017	2016
		RMB	RMB	RMB	RMB
Continuing operation					
Revenue	2	157,551,363	209,435,809	90,376,770	121,018,846
Cost of sales		(135,678,168)	(166,760,945)	(77,816,419)	(96,118,965)
Gross profit		21,873,195	42,674,864	12,560,351	24,899,881
Other expenses and net loss/Income		(182,077)	(3,162,341)	216,746	(832,598)
Selling and distribution costs		(6,461,881)	(8,564,906)	(3,272,160)	(4,065,144)
R&D and administrative expenses		(18,445,059)	(18,961,631)	(10,450,925)	(10,797,835)
Finance costs	3	(1,812,667)	(1,784,017)	(983,491)	(825,337)
(Loss)/Profit before taxation		(5,028,489)	10,201,969	(1,929,479)	8,378,967
Income tax	5	(691,200)	(1,620,370)	(351,662)	(1,266,086)
(Loss)/Profit and comprehensive income for the period from continuing operation		(5,719,689)	8,581,599	(2,281,141)	7,112,881
Discontinued operation					
Loss for the period from discontinued operation		-	-	-	-
(Loss)/Profit and comprehensive income for the period		(5,719,689)	8,581,599	(2,281,141)	7,112,881

	Notes	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
		2017	2016	2017	2016
		RMB	RMB	RMB	RMB
Attributable to:					
Owners of the Company					
– (Loss)/Profit for the period from continuing operation		(5,805,526)	8,740,566	(2,866,388)	6,502,247
– Loss for the period from discontinued operation		–	–	–	–
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Non-controlling interests					
– Profit/(Loss) for the period from continuing operation		85,837	(158,967)	585,247	610,634
– Loss for the period from discontinued operation		–	–	–	–
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Profit/(Loss) for the period attributable to non-controlling interests		85,837	(158,967)	585,247	610,634
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(Loss)/Earnings per share-Basic (RMB)	6				
From continuing and discontinued operation		(0.358) cents	0.548 cents	(0.177) cents	0.408 cents
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From continuing operation		(0.358) cents	0.548 cents	(0.177) cents	0.408 cents

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2017 (Unaudited) RMB	31 December 2016 (Audited) RMB
	Notes		
Non-current assets			
Property, plant and equipment		63,215,573	63,954,656
Interest in an associate		16,154,644	16,760,065
Prepaid land lease payments		7,948,615	8,043,528
Intangible assets		271,187,330	–
Total non-current assets		358,506,162	88,758,249
Current assets			
Inventories		107,664,201	68,465,182
Trade and bills receivables	8	143,051,303	89,830,445
Prepayments and other receivables	9	78,062,875	116,116,280
Amount due from an associate		10,714,166	10,714,166
Bank balances and cash		19,748,182	85,743,326
Total current assets		359,240,727	370,869,399
Total assets		717,746,889	459,627,648
Current liabilities			
Trade payables	10	27,634,061	15,998,214
Other payables and accruals	11	46,349,582	26,837,855
Financial liabilities		26,011,150	25,389,100
Current tax liabilities		466,442	2,019,285
Bank borrowings		45,000,000	40,000,000
Total current liabilities		145,461,235	110,244,454
Net current assets		213,779,492	260,624,945
Total assets less current liabilities		572,285,654	349,383,194
Net Assets		572,285,654	349,383,194

		30 June 2017 (Unaudited) RMB	31 December 2016 (Audited) RMB
	Notes		
Capital and reserves attributable to owners of the Company			
Share capital	12	169,500,000	159,500,000
Reserves		246,339,128	166,407,671
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Equity attributable to owners of the company		415,839,128	325,907,671
Non-controlling interests		156,446,526	23,475,523
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Total equity		572,285,654	349,383,194

CONDENSED CONSOLIDATED CASH STATEMENT

	For the six months ended 30 June	
	2017 Unaudited RMB	2016 Unaudited RMB
Continuing operation		
Cash flows from operating activities		
Cash used in operation	(40,361,740)	(54,887,950)
Interests received	75,515	223,607
Income tax paid	(2,259,303)	(4,545,293)
Interests paid	(1,143,292)	(1,192,180)
Net cash used in continuing operating activities	(43,688,820)	(60,401,816)
Discontinued operation		
Net cash used in discontinued operating activities	–	–
Net cash used in continuing and discontinued operating activities	(43,688,820)	(60,401,816)
Continuing operation		
Cash flows from investing activities		
Purchases of property, plant and equipment	(2,789,356)	(917,810)
Payment of construction in progress	(592,084)	–
Sales of property, plant and equipment	160,001	288,342
Interest received	75,515	223,607
Purchase of intangible assets	(24,160,400)	–
Net cash used in continuing investing activities	(27,306,324)	(405,861)
Discontinued operation		
Net cash used in discontinued investing activities	–	–
Net cash used in continuing and discontinued investing activities	(27,306,324)	(405,861)

	For the six months ended 30 June	
	2017 Unaudited RMB	2016 Unaudited RMB
Continuing operation		
CASH FLOWS FINANCING ACTIVITIES		
Issue of shares	–	–
Capital injection from a minority shareholder	–	–
Proceeds from short-term/long-term bank borrowing	5,000,000	15,000,000
Repayment of short-term bank borrowings	–	(20,700,000)
Net cash used in continuing financing activities	5,000,000	(5,700,000)
Discontinued operation		
Net cash used in discontinued financing activities	–	–
Net cash used in continuing and discontinued financing activities	5,000,000	(5,700,000)
NET DECREASE IN CASH AND BANK BALANCES	(65,995,144)	(66,507,677)
CASH AND BANK BALANCES AT THE BEGINNING OF THE PERIOD	85,743,326	105,637,380
CASH AND BANK BALANCES AT THE END OF THE PERIOD	19,748,182	39,129,703

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 2017 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 2016.

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	
	2017	2016	2017	2016
	RMB	RMB	RMB	RMB
Continuing operation				
Fertilizer products	155,832,903	209,435,809	88,658,310	121,018,846
Medical&Health products	1,718,460	-	1,718,460	-
Discontinued operation				
Health care products	-	-	-	-
	157,551,363	209,435,809	90,376,770	121,018,846

3. FINANCE EXPENSE

	For the six months ended 30 June		For the three months ended 30 June	
	2017	2016	2017	2016
	RMB	RMB (re-presented)	RMB	RMB (re-presented)
Interest expense on bank loans and bank charges				
Continuing operation	1,812,667	1,784,017	983,491	825,337
Discontinued operation	-	-	-	-
	1,812,667	1,784,017	983,491	825,337

4. LOSS BEFORE TAX

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000 (re-presented)
Depreciation of property, plant and equipment		
Continuing operation	2,515,352	3,212,814
Discontinued operation	-	-
	2,515,352	3,212,814
Amortization of intangible asset		
Continuing operation	4,411,714	109,341
Discontinued operation	-	-
	4,411,714	109,341

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% (2016: 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% (2016: 15%).

Hongkong Teda Biomedical Investment Limited is calculated based on the Hongkong profits tax rate of 16.5% (2016: Nil).

Shu Ju Ku Greater China, Ltd., an exempted company limited by shares incorporated in Cayman Islands (registration number: 308468). Therefore, exemption from profits tax (2016:Nil).

(b) Income tax expense

	For the six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	691	1,620

The income tax charge in Hong Kong is Nil for the period ended 30 June 2017 (June 2016: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB691,200 for the period ended 30 June 2017 (June 2016: 1,620,370).

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

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
(Loss)/Profit before income tax expense		
Continuing operation	(5,028)	10,202
Discontinued operation	–	–
	(5,028)	10,202
Tax calculated at the EIT rate of 25%	(1,257)	2,551
Tax rate differential	(632)	(1,876)
Effect of tax holiday exemption	–	–
Effect of the tax losses on consolidation	2,580	945
Tax effect of expenses that are not deductible in determining taxable profit	–	–
Tax expense for the period	691	1,620

6. (LOSS)/EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000
(Loss)/Profit from continued and discontinued operations		
(Loss)/Earnings for the purpose of basic earnings per share	(5,805,526)	8,740,566
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,623,767,123	1,595,000,000

From continuing operation

The calculation of the basic earnings per share from continuing operation attributable to the owners of the Company is based on the following data:

	For the six months ended 30 June	
	2017 RMB'000	2016 RMB'000 (re-presented)
(Loss)/Profit for the period attributable to owners of the Company	(5,805,526)	8,740,566
Add: Loss for the period from discontinued operation	–	–
(Loss)/Earnings for the purpose of basic earnings per share from continuing operation	(5,805,526)	8,740,566
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,623,767,123	1,595,000,000

From discontinued operations

Basic loss per share for the discontinued operation is RMB0 cents per share (2016: RMB0cents per share), based on the loss for the period from the discontinued operations of RMB0 (2016: RMB0) and the denominators detailed above for basic losses per share.

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB2,789,356 (2016: RMB917,810) 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 2017 (Unaudited) RMB	31 December 2016 (Audited) RMB
Trade receivables	149,450,734	97,529,876
Less: Allowance for doubtful debts	(7,899,431)	(7,899,431)
	141,551,303	89,630,445
Bills receivables	1,500,000	200,000
Trade receivable, net	143,051,303	89,830,445

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

	30 June 2017 (Unaudited) RMB	31 December 2016 (Audited) RMB
Within 3 months	79,363,076	42,663,969
Over 3 months but within 6 months	45,580,378	23,245,492
Over 6 months	24,507,280	31,620,415
	149,450,734	97,529,876

9. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2017 (Unaudited) RMB	31 December 2016 (Audited) RMB
Other receivables	14,960,875	14,076,969
Less: allowance for doubtful debts	(2,245,983)	(2,245,983)
	12,714,892	11,830,986
Deposits and prepayments	65,347,983	104,285,294
	78,062,875	116,116,280

10. TRADE PAYABLES

The aging analysis of trade payable is as follows:

	30 June 2017 (Unaudited) RMB	31 December 2016 (Audited) RMB
Within 3 months	19,913,772	7,925,023
Over 3 months but within 6 months	1,186,140	2,080,992
Over 6 months	6,534,149	5,992,199
	27,634,061	15,998,214

11. OTHER PAYABLES AND ACCRUALS

	30 June 2017 (Unaudited) RMB	31 December 2016 (Audited) RMB
Other payables (note a)	31,534,093	8,869,201
Accruals	3,815,932	3,126,522
Receipt in advance (note b)	8,128,707	11,971,282
Payables to Social Security Fund	2,870,850	2,870,850
	46,349,582	26,837,855

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

(b) The advanced payments that the company's subsidiaries received was reduced.

12. SHARE CAPITAL

	30 June 2017		31 December 2016	
	Number of shares	Nominal value RMB'000	Number of shares	Nominal value RMB'000
Registered	1,695,000,000	169,500	1,595,000,000	159,500
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	997,500,000	99,750	897,500,000	89,750
	1,695,000,000	169,500	1,595,000,000	159,500

13. CAPITAL COMMITMENTS

As of 30 June 2017, 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 associated amounting to RMB0 (2016: RMB15.0million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (June 2016: Nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Other reserve		Accumulated Losses		Total	
	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB	2017 RMB	2016 RMB
Balance as at 1 January	159,500,000	159,500,000	154,667,871	154,667,871	3,717,696	3,717,696	2,541,404	2,541,404	(22,032,403)	(22,032,403)	27,513,103	21,542,890	325,907,671	319,936,958
Issue of shares	10,000,000	-	85,736,983	-	-	-	-	-	-	-	-	-	95,736,983	-
Net profit attributable to equity holders of the Company for the three months ended 31 March	-	-	-	-	-	-	-	-	-	-	(2,939,138)	2,238,319	(2,939,138)	2,238,319
Balance as at 31 March	169,500,000	159,500,000	240,404,854	154,667,871	3,717,696	3,717,696	2,541,404	2,541,404	(22,032,403)	(22,032,403)	24,573,965	23,780,709	418,705,516	382,175,277
Net profit attributable to equity holders of the Company for the three months ended 30 June	-	-	-	-	-	-	-	-	-	-	(2,866,388)	6,502,247	(2,866,388)	6,502,247
Issue of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 30 June	169,500,000	159,500,000	240,404,854	154,667,871	3,717,696	3,717,696	2,541,404	2,541,404	(22,032,403)	(22,032,403)	21,707,577	30,282,956	415,839,128	388,677,524

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group's business is currently engaged in two industry sectors: (1) biological compound fertilizer products, which principally includes a series of biological compound fertilizer products that are used for the facilitation of balanced growth of grains, fruit and vegetables; and (2) comprehensive layout of elderly care services integrating medical services and operation and management business, which focuses on seniors with complete or partial disability or dementia that have strong demand. Such business mainly includes nationwide key layout to conduct the operation and management of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related old-aged service businesses. Under this target, the Company completed the acquisition of the quantitative EEG detection technology beforehand, in which such technology could be applied to the quantitative analysis and assessment of the neurological and psychiatric healthiness of the elderly and whether they have any hidden diseases, and facilitates the elderly care centers to determine the level and focus in caring the elderly, and enhance the core competitiveness of the Group in the area of caring for the seniors who have complete or partial disability or dementia.

During the period under review, the market trend of the continuous operating compound fertilizer segment of the Group was at a state of downturn as a whole. The reasons behind were that as compared with previous years, at early stage, low priced fertilizers had an influence on the market and cargo quantity by distributors reduced significantly. The main reason is that as affected by the decline in raw material price and the lack of funds in the basic level, the inventory pressure of enterprises increased, in addition to factors of the local planting structure adjustment of peasants and low agricultural product price, the enthusiasm of farmers in using fertilizers was affected and distributors tended to be very prudent in stocking up. Under the context of a weak market demand for compound fertilizers as a whole, the Group's subsidiaries, Guangdong Fulilong Compound Fertilizers Co.,Ltd. and Shandong Hidersun Fertilizer Co., Ltd., adjust the enterprise product mix and marketing strategy so as to maintain the stable development of the compound fertilizers business.

The Company completed the acquisition of the quantitative electroencephalogram analysis business of SJK Greater China ("SJGCG") in the United States in March 2017. At the same time, in order to develop the healthcare and elderly care industry integrating medical services and elderly care services, the Company completed the acquisition of the equity interests and businesses of Shanghai Muling Elderly Care Investment Management Company Limited (上海睦齡養老投資管理有限公司) ("Muling Elderly Care") in July 2017. Such acquisition is a key step of the strategic layout implementation of the Group's healthcare and elderly care industry. Currently, the Group is accelerating the layout and expansion of the elderly care services integrating medical services and its operation and management business nationwide, which targets at those seniors with complete or partial disability or dementia where demands are strong and has a high barrier of entry in terms of service technology, so as to expand the healthcare and elderly care businesses of the Group through integrating the medical services into the elderly care services.

Finance Review

Turnover, gross profit and gross profit margin

For the six months ended 30 June 2017, the Group achieved total turnover of RMB157,551,363, representing a decrease of 24.77% as compared to the same period of last year (30 June 2016: RMB209,435,809); the consolidated gross profit of the Group was RMB21,873,195, representing an decrease of 48.74% as compared to the same period of last year (30 June 2016: RMB42,674,864); the consolidated gross profit margin of the Group was 13.88%, representing an decrease as compared to the same period of last year (30 June 2016: the consolidated gross profit margin was 20.38%). The compound fertilizer business of the Group was affected by factors such as the prices of agricultural products and grains were down and bad weather during the first half of the year. the turnover was down by 24.77% as compared to the same period of last year. During the period under review, due to the poor market competition environment, the group adjusted the marketing strategy and product price to reduce the consolidated gross profit and the consolidated gross profit margin to the same period of last year.

Selling and distribution costs

For the six months ended 30 June 2017, selling and distribution costs of the Group were RMB6,461,881. During the period under review, selling and distribution costs decreased by 24.55% as compared to the same period of last year (30 June 2016: RMB8,564,906), which was primarily due to adopting the conservative principle by the Group for the purpose of moderately control the cost of sales expenses under the downturn market environment during the first half of the year.

Research and development and administrative expenses

For the six months ended 30 June 2017, research and development and administrative expenses of the Group were RMB18,445,059, representing an decrease of 2.72% as compared to the same period of last year (30 June 2016: RMB18,961,631).

Finance costs

For the six months ended 30 June 2017, finance costs of the Group were RMB1,812,667, representing an increase of 1.61% as compared to the same period of last year (30 June 2016: RMB1,784,017), the details of which are set out in Note 3 to the accompanying accounts.

Profit for the year

For the six months ended 30 June 2017, the loss attributable to the equity owners of the Company were RMB5,805,526, the company's equity owners should make a profit of 8,740,566 in the same period last year; loss per share of the Company were RMB0.358 cents as compared to earnings per share of RMB0.548 cents of the same period of last year.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the period under review, the Group's main source of finance came from banking facilities granted by various banks in the PRC. As at 30 June 2017, the bank and cash balance of the Group was approximately RMB19,748,182 (31 December 2016: RMB85,743,326), bank borrowings were RMB45,000,000 (31 December 2016: RMB40,000,000). The bank borrowings provided by various banks in the PRC were denominated in RMB and at fixed annual interest rates ranging from 5.2% to 7.4% (31 December 2016: ranging from 4.3% to 7.4%). The bank borrowings amounting to RMB19,300,000 in aggregate will be due in the second half of 2017 and the bank borrowings amounting to RMB25,700,000 in aggregate will be due in the first half of 2018.

As at 30 June 2017, the total asset of the Group amounted to approximately RMB717,746,889 (31 December 2016: RMB459,627,648), with total current liabilities of approximately RMB145,461,235 (31 December 2016: RMB110,244,454), shareholders' equity of RMB415,839,128 (31 December 2016: RMB325,907,671) and minority shareholders' interests of approximately RMB156,446,526 (31 December 2016: RMB23,475,523).

As at 30 June 2017, the consolidated asset debt ratio of the Group, which is the ratio between total liabilities and total assets, was 0.20 (31 December 2016: 0.24). The gearing ratio of the Group, which is the ratio between total bank borrowings and total assets, was 0.06 (31 December 2016: 0.09). The current ratio of the Group, which is the ratio between current assets and current liabilities, was 2.47 (31 December 2016: 3.36).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2017, the Group and the Company had contingent liabilities amounting to RMB0 (31 December 2016: RMB15,000,000) and RMB0 (31 December 2016: RMB15,000,000) respectively in connection with the guarantee provided by the Group and the Company to secure the bank loans granted to its subsidiaries.

EXPOSURE TO FOREIGN CURRENCY RISK

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

TREASURY POLICIES

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

FUTURE OUTLOOK

Since 2017, favorable policies in the organic fertilizers industry have been released one after another, and attentions thereto have continued to grow. The organic fertilizer industry which harbors tremendous development potential has embraced its unprecedented period of development opportunities. However, as the grain price this year remained low, terminal income declined significantly, distributors experienced difficulty in funds return, and as a result, their motivation of reserving fertilizers were greatly reduced. Currently, with the increase of operational models of quick in and out before using fertilizers, the sales difficulties for compound fertilizer manufacturing enterprises intensified. Hence, opportunities and challenge coexist for compound fertilizer enterprises. In face of cruel market competition, subordinated compound fertilizer manufacturing enterprises of the Company judge the situation according to market changes, and constantly make innovation in technology, product and service to ensure the sustained and healthy development of the Group's compound fertilizer business.

China's ageing population process is progressing rapidly. According to the Pension Finance Development Report in China (2016) (中國養老金融發展報告(2016)) published by Social Sciences Academic Press (社會科學文獻出版社), it is expected that China's aged population over 65 years old will reach 280 million, representing 20.2% of the total aged population, by 2030 and will reach its peak of 400 million, representing 27.2%, by 2055. The years before 2040 is the most rapidly progressing period of aging population, with its proportion increased by 0.5 percentage point every year on average. China will enter into an ultra-aging society by 2040. Of which, under the rapidly aging situation, the problems of disability or dementia among the aged population are serious. According to the fourth survey results jointly issued by National Aging Office, Ministry of Civil Affairs and Ministry of Finance on 9 October 2016 regarding the living conditions of the elderly in urban and rural areas in China, the number of senior citizens with complete or partial disability is approximately 40.63 million, accounted for 18.3% of the aged population. This number will reach 61.68 million by 2030, and the total number will exceed 100 million by 2053, the peak year of population aging. In terms of caring and medical services for seniors with disability or dementia, currently, China is still at a low development stage with an obvious gap when compared with the developed countries, a market with strong demand that needs key support and planning currently.

The acquisition of the equity interests and businesses in Muling Elderly Care by the Group is a key step of the strategic layout implementation of the Group's healthcare and elderly care industry. The world's unique quantitative EEG detection technology owned by the Company could be applied to the quantitative analysis and assessment of the neurological and psychiatric healthiness of the elderly and whether they have any hidden diseases, and facilitates the elderly care centers to determine the level and focus in caring the elderly. The Company will strive to enhance its core competitiveness in the elderly care industry through its superiorities such as its domestic premier and senior elderly management team and professional elderly service team with high caring standard, chain operation and management ability for high-level caring seniors with disability or dementia and the world's unique quantitative EEG detection technology, forming our unique caring skills and competitive barriers. The Company will gradually improve the setting-up and development of the healthcare and elderly care industrial holding platform integrating medical services and elderly care services, and strive to cultivate the elderly care services integrating medical services and management business as the new profit growth point of the Company to complete the strategic innovation and upgrade of the Company effectively.

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

As at 30 June 2017, the interests of the directors and supervisors of the Company and their respective associates in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) were as follows:

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

Directors/Supervisors/ Executive Officers	Personal	Family	Corporate	Other	Total	Percentage of the issued share capital
Ms. Sun Li	-	-	300,000,000 (Note 1)	-	300,000,000	17.70%
Mr. Chen Yingzhong	-	-	170,000,000 (Note 2)	-	170,000,000	10.03%

Note:

1. 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.
2. These shares are held by Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers"), and Mr. Chen Yingzhong is the beneficial owner who holds 100% equity interest in Zhinong Fertilizers. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as at 30 June 2017, none of the Directors, the Supervisors or other chief executives of the Company had interest in any securities and 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 to enable the directors and the supervisors of the Company or their respective spouses or children under 18 years of age, to gain profit through the acquisition of the Company's shares.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2017, 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 ordinary shares of RMB0.1 each in the Company:

Names of shareholders	Capacity	Number of ordinary shares	Percentage of the share capital
Tianjin TEDA International Incubator	Beneficial owner	182,500,000 (Note 1)	10.77%
Shenzhen Xiangyong Investment Company Limited	Beneficial owner	180,000,000 (Note 1)	10.62%
Shandong Zhinong Fertilizers Company Limited	Beneficial owner	170,000,000 (Note 1)	10.03%
Dongguan Luye Fertilizers Company Limited	Beneficial owner	120,000,000 (Note 1)	7.08%
Shu Ju Ku Inc.	Beneficial owner	120,000,000 (Note 2)	5.90%

Note:

1. All of the shares represent domestic shares.
2. All of the shares represent H shares.

Save as disclosed above, as at 30 June 2017, 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.

COMPLETION OF THE ACQUISITION OF 51% EQUITY INTEREST IN SJKGC

On 17 March 2017, the Company issued an announcement (the "Announcement") that all conditions precedent under the Agreement had been fulfilled and the Completion took place on 17 March 2017. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement. The Company had nominated HK TEDA as its nominee to hold the Sale Shares on its behalf and a new shareholders' agreement of SJKGC has been entered into amongst the Vendor, HK TEDA and SJKGC on 17 March 2017, which terms and conditions are substantially the same as those set out in the Shareholder Agreement (which in turn has been terminated.) Following the Completion, SJKGC had become a non-wholly-owned subsidiary of the Company and its financial information will be consolidated into the Company's financial statements. In accordance with the terms of the Agreement, upon Completion, the Company had allotted and issued 100,000,000 Consideration Shares at the issue price of HK\$1.60 each to the Vendor as part of the Consideration. For details please refer to the Announcement of the Company published on the GEM website on 17 March 2017.

CHANGE OF AUTHORISED REPRESENTATIVE

On 10 April 2017, the Company announced that Mr. Wang Shuxin ceased to be the authorised representative of the Company for the purpose of Rule 5.24 of the GEM Listing Rules with effect from 10 April 2017, and that Ms. Sun Li, an executive director, the Chairman and the Chief Executive Officer of the Company, had been appointed as the authorised representative of the Company for the purpose of Rule 5.24 of the GEM Listing Rules with effect from 10 April 2017. Please refer to the announcement of the Company published on the GEM website dated 10 April 2017 for details.

ACQUISITION OF SHANGHAI ELDERLY CARE INSTITUTIONS

The Company issued an announcement on 19 June 2017 that, the Company had signed the “Agreement between Tianjin Teda Biomedical Engineering Company Limited and Li Chuanfu in relation to the acquisition of the Equity Interests and Businesses of Shanghai Muling Elderly Care Investment Management Company Limited, Shanghai Ruifu Elderly Care Service Center and Shanghai Wanli Community Elderly Day Care Center” (《天津泰達生物醫學工程股份有限公司與李傳福有關上海睦齡養老投資管理有限公司、上海瑞福養老服務中心、上海萬里社區老年人日間照護中心之股權及業務收購協議》) with Mr. Li Chuanfu (李傳福) to acquire in cash 70% equity interests in Shanghai Muling Elderly Care Investment Management Company Limited (上海睦齡養老投資管理有限公司). Please refer to the announcement of the Company published on the GEM website dated 19 June 2017 for details.

COMPETING INTERESTS

During the six months ended 30 June 2017, 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. The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Li Xudong, Mr. Duan Zhongpeng 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 2017.

SHARE OPTION SCHEME

The Company has not approved any new share option scheme during the period ended 30 June 2017.

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 2017.

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 2017.

CORPORATE GOVERNANCE PRACTICES

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

Since September 2015, as Ms. Sun Li serves as the Chairman and the Chief Executive Officer, such practice deviates from code provision A.2.1 of the Code. The Board is of the opinion that it is currently appropriate and in the best interests of the Company for Ms. Sun Li to hold both positions as it helps to maintain the stability of the continuous operations of the Company and the transformation and upgrading of healthcare business. The Company has been proactively recruiting candidates for the post of Chief Executive Officer through different means so as to fulfill the requirements of A.2.1 of the Code as soon as possible for increasing the transparency and independence of corporate governance.

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

Tianjin, the PRC,
11 August 2017

As at the date of this report, the executive Directors of the Company are Sun Li, Hao Zhihui and Liu Renmu; the non-executive Directors of the Company are Chen Yingzhong, Feng Enqing and Li Ximing; the independent non-executive Directors of the Company are Li Xudong, Duan Zhongpeng and Gao Chun.

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