泰 达

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 ANNUAL RESULTS FOR 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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.

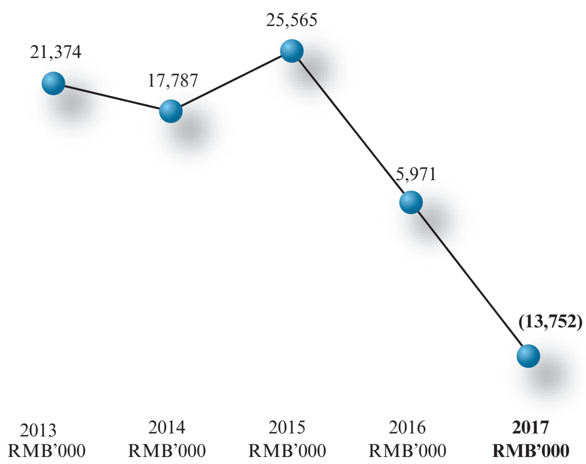
The information set out in this announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (the "Company") collectively and individually accept full responsibility, is given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange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

FINANCIAL HIGHLIGHTS

	For the year ended 31 December				
	2013	2014	2015	2016	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Results					
Turnover	583,112	470,267	501,590	389,278	**375,907**
Gross profit	130,585	78,712	96,721	78,806	**53,205**
Gross margin	22.39%	16.74%	19.28%	20.24%	**14.15%**
Profit/(loss) attributable to the shareholders	21,374	17,787	25,565	5,971	**(13,752)**
Earnings/(loss) per share	1.51 cents	1.46 cents	1.76 cents	0.37 cents	**(0.82) cents**

	As at 31 December				
	2013	2014	2015	2016	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Assets & liabilities					
Total assets	412,864	432,622	458,505	459,628	**707,878**
Total liabilities	188,093	188,924	114,072	110,244	**133,078**
Equity attributable to the shareholders	201,429	198,021	319,937	325,908	**422,954**

Profit/(loss) attributable to the shareholders



The Board of Directors (the "Board") of Tianjin TEDA Biomedical Engineering Company Limited ("TEDA Biomedical" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the "Group") for the year ended 31 December 2017 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2017

	Notes	2017 RMB	2016 RMB
Revenue	2	**375,906,530**	389,278,236
Cost of sales		**(322,701,103)**	(310,472,561)
Gross profit		**53,205,427**	78,805,675
Other income and (losses)/gains, net		**(5,377,946)**	871,180
Selling and distribution costs		**(14,755,804)**	(20,495,906)
Administrative expenses		**(36,227,996)**	(30,739,780)
Research and development expenses		**(9,294,266)**	(11,499,384)
Finance costs	4	**(3,699,137)**	(3,580,769)
Impairment loss of intangible asset		**(999,266)**	–
Gain on deemed disposal of an associate		**1,995,152**	–
Share of loss of an associate		**(5,303,132)**	(3,915,132)
(Loss)/profit before income tax	4	**(20,456,968)**	9,445,884
Income tax	5	**(826,716)**	(4,496,331)
(Loss)/profit for the year		**(21,283,684)**	4,949,553
(Loss)/profit and total comprehensive income for the year		**(21,283,684)**	4,949,553
Attributable to:			
Owners of the Company			
– (Loss)/profit for the year		**(13,752,052)**	5,970,713
Non-controlling interests			
– Loss for the year		**(7,531,632)**	(1,021,160)
		(21,283,684)	4,949,553
(Loss)/earnings per share			
– Basic and diluted	7	**(0.82)**	0.37

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2017

	Notes	2017 RMB	2016 RMB
Non-current assets			
Property, plant and equipment		**69,898,228**	63,954,656
Goodwill		**12,149,807**	–
Intangible asset		**262,145,201**	–
Interest in an associate		**13,452,085**	16,760,065
Prepaid land lease payments		**10,686,887**	8,043,528
Prepayments and other receivables	*9*	**12,274,365**	–
Amount due from an associate		**11,389,137**	–
Other financial assets		**8,263,711**	–
Total non-current assets		**400,259,421**	88,758,249
Current assets			
Inventories		**92,699,923**	68,465,182
Trade and bills receivables	*8*	**107,490,288**	89,830,445
Prepayments and other receivables	*9*	**69,342,030**	116,116,280
Amount due from an associate		**493,907**	10,714,166
Cash and bank balances		**37,592,277**	85,743,326
Total current assets		**307,618,425**	370,869,399
Total assets		**707,877,846**	459,627,648
Current liabilities			
Trade payables	*10*	**22,123,954**	15,998,214
Other payables and accruals		**41,566,505**	26,837,855
Amount due to a director		**50,000**	–
Amount due to a shareholder		**2,512,595**	–
Other financial liabilities		**26,633,200**	25,389,100
Current tax liabilities		**191,801**	2,019,285
Bank borrowings	*11*	**40,000,000**	40,000,000
Total current liabilities		**133,078,055**	110,244,454
Net current assets		**174,540,370**	260,624,945
Total assets less current liabilities		**574,799,791**	349,383,194
NET ASSETS		**574,799,791**	349,383,194
Capital and reserves attributable to owners of the Company			
Share capital	*12*	**169,500,000**	159,500,000
Reserves		**253,453,962**	166,407,671
Equity attributable to owners of the Company		**422,953,962**	325,907,671
Non-controlling interests		**151,845,829**	23,475,523
TOTAL EQUITY		**574,799,791**	349,383,194

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Share capital	Share premium	Surplus reserve	Capital reserve	Other reserve	Retained earnings/ (Accumulated losses)	Attributable to owners of the Company	Non-controlling interests	Total
	Note 12	*Note 13(i)*	*Note 13(ii)*	*Note 13(iii)*	*Note 13(v)*	*Note 13(iv)*			
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
Balance as at 1 January 2016	159,500,000	154,667,871	3,717,696	2,541,404	(22,032,403)	21,542,390	319,936,958	24,496,683	344,433,641
Profit and total comprehensive income for the year	–	–	–	–	–	5,970,713	5,970,713	(1,021,160)	4,949,553
Balance as at 31 December 2016	159,500,000	154,667,871	3,717,696	2,541,404	(22,032,403)	27,513,103	325,907,671	23,475,523	349,383,194
Loss and total comprehensive income for the year	–	–	–	–	–	(13,752,052)	(13,752,052)	(7,531,632)	(21,283,684)
Issue of new shares	10,000,000	100,798,343	–	–	–	–	110,798,343	–	110,798,343
Acquisition of subsidiaries	–	–	–	–	–	–	–	135,901,938	135,901,938
Balance as at 31 December 2017	169,500,000	255,466,214	3,717,696	2,541,404	(22,032,403)	13,761,051	422,953,962	151,845,829	574,799,791

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective on 1 January 2017

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has no impact on these financial statements as the Group has revolved the banking facilities at the same amount during the year ended 31 December 2017, and there was no movement in liabilities arising from financing activities during the year other than the financing cash flows in respect of bank borrowings presented in the consolidated statement of cash flows.

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously recognised deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12, Disclosure of Interests in Other Entities, to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with disclosures relating to its interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 1, First-time adoption of Hong Kong Financial Reporting Standards[1]
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
HKFRS 16	Leases[2]
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] *Effective for annual periods beginning on or after 1 January 2018*

[2] *Effective for annual periods beginning on or after 1 January 2019*

[3] *The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.*

2. REVENUE

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold or services provided to customers after any allowance and discounts and is analysed as follows:

	2017	2016
	RMB	*RMB*
Fertiliser products	**354,288,504**	389,278,236
Elderly care and health care services	**21,618,026**	–
	375,906,530	389,278,236

3. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting, in accordance with the Group's internal organisation and reporting structure, provided to the chief operating decision-maker to make strategic decisions.

For the year ended 31 December 2017, the Group has two reportable and operating segments. These segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

- Fertiliser products – Manufacture and sale of biological compound fertiliser products

- Elderly care & Health care services – Providing integrated elderly care and health care services

For the year ended 31 December 2016, there was only one business component in the internal reporting to the executive directors, which is manufacture and sales of biological compound fertiliser products. The Group's assets and capital expenditure were principally attributable to this business component. Accordingly, no segment information in respect of the year ended 31 December 2016 is presented in the consolidated financial statements.

(a) Business segments

Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2017 is set out below.

Year ended 31 December 2017

	Fertiliser products *RMB*	Elderly care & Health care services *RMB*	Total *RMB*
Revenue from external customers	354,288,504	21,618,026	375,906,530
Inter-segment revenue	–	–	–
Reportable segment revenue	354,288,504	21,618,026	375,906,530
Reportable segment (loss)/profit	(1,156,166)	4,769,041	3,612,875
Interest income	(80,571)	(3,016)	(83,587)
Interest expense	2,455,037	–	2,455,037
Depreciation and amortisation for the year	7,518,003	12,948,074	20,466,077
Impairment loss on trade and other receivables	7,966,304	7,099	7,973,403
Impairment loss on intangible assets	–	999,266	999,266
Reportable segment assets	388,166,865	277,449,494	665,616,359
Additions to non-current assets during the year	28,723,285	288,433,141	317,156,426
Reportable segment liabilities	90,852,633	785,002	91,637,635

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2017
	RMB
Revenue	
Total reportable segments' revenue	**375,906,530**
Elimination of inter-segment revenue	**–**
Consolidated revenue	**375,906,530**
Profit/(Loss)	
Total reportable segments' profit	**2,903,211**
Elimination of inter-segment profit	**–**
Interest income	**38,282**
Depreciation and amortisation	**(109,954)**
Share of loss of associate	**(5,303,132)**
Gain on deemed disposal of associate	**1,995,152**
Finance costs	**(1,244,100)**
Unallocated corporate expenses	**(18,736,427)**
Consolidated loss before income tax	**(20,456,968)**
Assets	
Total reportable segments' assets	**665,616,359**
Unallocated corporate assets	**42,261,487**
Consolidated total assets	**707,877,846**
Liabilities	
Total reportable segments' liabilities	**91,637,635**
Unallocated corporate liabilities	**41,440,420**
Consolidated total liabilities	**133,078,055**

(c) Geographical information and major customers

The Group's revenue from external customers is mainly derived from its operations in the PRC, where most of its non-current assets are located. None of the customers have transactions with the Group which exceeded 10% of the Group's revenue for the year ended 31 December 2017. Revenue attributable from a customer accounted for more than 10% of the Group's revenue for the year ended 31 December 2016.

4. (LOSS)/PROFIT BEFORE INCOME TAX

(Loss)/Profit before income tax is arrived after charging:

	2017	2016
	RMB	*RMB*
Finance costs		
Interest expense on bank borrowings	**2,455,037**	2,336,669
Interest expense on other financial liabilities	**1,244,100**	1,244,100
	3,699,137	3,580,769
Auditor's remuneration	**1,009,909**	1,324,774
Research and development expenses	**9,294,266**	11,499,384
Cost of inventories recognised as expense	**309,759,572**	310,472,561
Depreciation of property, plant and equipment	**7,439,934**	8,673,011
Amortisation of prepaid land lease payments	**194,565**	189,827
Amortisation of intangible asset *(Note (i))*	**12,941,531**	–
Allowance for impairment losses on (net):		
– Trade receivables	**8,112,422**	3,512,887
– Other receivables	**(11,830)**	2,724
– Intangible asset	**999,266**	–
Operating lease rentals:		
– land and buildings	**3,780,108**	738,123
– equipment	**–**	512,820
Employee costs (including emoluments of directors and supervisors):		
– Wages and salaries	**22,871,594**	20,846,010
– Retirement benefit scheme contributions	**3,358,278**	2,685,076
– Staff welfare and other benefits	**1,374,188**	1,115,260
	27,604,060	24,646,346

Note:

(i) Amortisation of intangible asset is included in cost of sales.

5. INCOME TAX

(a) The amount of taxation in the consolidated statement of comprehensive income represents:

	2017	2016
	RMB	*RMB*
Current tax		
– tax for the year	**493,003**	4,247,558
– under provision in respect of prior years	**333,713**	248,773
	826,716	4,496,331

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated. Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the subsidiaries of the Group is calculated based on the statutory tax rate of 25% (2016: 25%), except for the following subsidiaries.

High and New-Tech enterprise certificate was issued on 10 October 2014 and lasted for 3 years, to Guangdong Fulilong Compound Fertilisers Co., Ltd., recognising the entity as a High and New-Tech enterprise according to the PRC tax regulations and hence entitled to a preferential tax rate of 15% (2016: 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 income tax as they did not have any assessable income arising in Hong Kong during the year ended 31 December 2017 (2016: nil).

The income tax expense for the year can be reconciled to the Group's (loss)/profit before income tax as follows:

	2017	2016
	RMB	*RMB*
(Loss)/profit before income tax	**(20,456,968)**	9,445,884
Calculated at statutory rate of 25% (2016: 25%)	**(5,114,243)**	2,361,471
Tax effect of share of loss of an associate	**1,325,784**	978,783
Tax effect of non-taxable items	**(5,446,348)**	–
Tax effect of expenses not deductible for taxation purposes	**6,476,504**	1,097,004
Tax effect of unused tax losses not recognised	**3,652,828**	3,715,090
Tax rate of differential and preferential tax treatment	**(1,208,833)**	(4,126,921)
Under provision in prior years	**333,713**	248,773
Others	**807,311**	222,131
Income tax	**826,716**	4,496,331

(b) Deferred taxation

At 31 December 2017, the Group has unused tax losses of RMB39.8 million (2016: RMB17.5 million) that are available for offsetting against future taxable profits of the companies in which the losses arose. The unused tax losses can be carried forward for 5 years. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

6. DIVIDEND

No dividend has been paid nor declared by the Company during the year (2016: nil).

7. (LOSS)/EARNINGS PER SHARE

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

	2017	2016
	RMB	*RMB*
(Loss)/earnings for the purpose of basic (loss)/earnings per share	**(13,752,052)**	5,970,713
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**1,674,452,055**	1,595,000,000

The weighted average number of ordinary shares for the year ended 31 December 2017 for the purpose of basic (loss)/earnings per share has been adjusted for the issue of shares on 17 March 2017.

No diluted (loss)/earnings per share is presented as there was no potential ordinary shares in issue during the years ended 31 December 2017 and 2016.

8. TRADE AND BILLS RECEIVABLES

	2017	2016
	RMB	*RMB*
Trade receivables *(Note (i))*	**123,022,141**	97,529,876
Less: Allowance for doubtful debts *(Note (ii))*	**(16,011,853)**	(7,899,431)
	107,010,288	89,630,445
Bills receivables	**480,000**	200,000
	107,490,288	89,830,445

Notes:

(i) The Group generally grants credit terms of 120 days to major customers and 90 days to other trade customers.

The following is an ageing analysis of trade receivables at the end of the reporting periods, based on invoices date:

	2017	2016
	RMB	*RMB*
Within 3 months	**55,946,440**	42,663,969
More than 3 to 6 months	**23,931,145**	23,245,492
More than 6 to 12 months	**19,383,954**	18,876,486
Over 1 year	**23,760,602**	12,743,929
	123,022,141	97,529,876

(ii) The movements in allowance for doubtful debts during the year are as follows:

	2017	2016
	RMB	*RMB*
At 1 January	**7,899,431**	4,386,544
Allowance for impairment loss recognised, net *(note 4)*	**8,112,422**	3,512,887
At 31 December	**16,011,853**	7,899,431

The above provision for impairment of trade receivables relate to provisions for individually impaired trade receivables of approximately RMB16.0 million (2016: RMB7.9 million) with a carrying amount before provision of RMB16.0 million (2016: RMB7.9 million).

The Group does not hold any collateral over these balances.

(iii) Trade receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

(iv) The Group has trade receivables of RMB58,176,896 (2016: RMB47,117,411) relating to a number of independent customers that were past due as at balance sheet date. The aging analysis of trade receivables that were past due but not impaired based on the past due date are as follows:

	2017	2016
	RMB	*RMB*
Within 3 months	**20,095,995**	18,591,031
More than 3 to 6 months	**10,359,558**	9,282,108
More than 6 to 12 months	**8,212,206**	7,891,760
More than 1 year	**3,497,284**	3,453,081
	42,165,043	39,217,980

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

9. PREPAYMENTS AND OTHER RECEIVABLES

	2017	2016
	RMB	*RMB*
Current		
Prepayments		
Advanced deposits to suppliers *(note (i))*	**66,887,599**	103,929,256
Other prepayments	**194,565**	356,038
	67,082,164	104,285,294
Other receivables	**4,494,019**	14,076,969
Less: allowance for doubtful debts *(note (iii))*	**(2,234,153)**	(2,245,983)
	2,259,866	11,830,986
	69,342,030	116,116,280
Non-current		
Prepayments and other receivables *(note (ii))*	**12,274,365**	–
	81,616,395	116,116,280

Notes:

(i) Included in advanced deposits to suppliers there was a balance with a supplier of RMB9,347,473 (2016: RMB69,041,961). Major transactions with this independent third party mainly included sales of goods of RMB10,609,224 (2016: RMB62,356,492), purchases of finished goods of RMB31,295,564 (2016: RMB75,422,357) and rental charge and meal expense of RMB4,065,835 (2016: RMB1,590,201).

(ii) In October 2013, the Group started legal proceeding against a lessor and its associates for failure to assist the Group in applying for relevant certificate for a deposit of acquiring prepaid land lease. On 4 January 2017, the Group, the lessor and its associates have already ceased the legal proceeding. The Group has negotiated with the owner of the land lease for the acquisition of the relevant land use right in the current financial year. On 12 September 2017, the Group and the owner of the land lease signed a Cooperative Land Use Right Transfer Agreement. The owner of the land lease agreed to transfer the land use right at a consideration of RMB10.8 million with a lease period of 50 years. As at 31 December 2017, a deposit of approximately RMB12.3 million is recorded in the balance sheet of owner of the land lease. As at the year end date, the arrangement of transfer of the land use right certificate is in progress, and the prepayments included the direct costs required for the acquisition of the land use right. The actual cost incurred for the acquisition of land use right, including the direct costs, would be confirmed once the land use right transfer is agreed.

(iii) Allowance for doubtful debts:

	2017	2016
	RMB	*RMB*
At 1 January	**2,245,983**	2,243,259
Allowance for impairment loss	**–**	2,724
Reversal of bad debt	**(11,830)**	–
At 31 December	**2,234,153**	2,245,983

Other receivables are assessed to be impaired individually at each reporting date and impairment losses of the Group amounting to approximately RMB2.2 million (2016: RMB2.2 million) has been made as at 31 December 2017. The individually impaired receivables are recognised based on the indication of financial difficulties and default in payments. Consequently, specific impairment provision was recognised. Prepayments and other receivables are non-interest bearing and the Group does not hold any collateral over these balances.

10. TRADE PAYABLES

	2017	2016
	RMB	*RMB*
Trade payables	**22,123,954**	15,998,214

Generally, the credit terms received from suppliers of the Group is 90 days. An ageing analysis of year end trade payables is as follows:

	2017	2016
	RMB	*RMB*
Within 3 months	**14,244,564**	7,925,023
More than 3 to 6 months	**2,431,613**	2,080,992
More than 6 to 12 months	**1,812,551**	2,600,535
Over 1 year	**3,635,226**	3,391,664
	22,123,954	15,998,214

11. BANK BORROWINGS

	2017	2016
	RMB	*RMB*
Secured	**35,000,000**	35,000,000
Unsecured	**5,000,000**	5,000,000
	40,000,000	40,000,000

Bank borrowings are repayable within one year.

Notes:

(i) In 2017, bank borrowings secured against property, plant and equipment and inventories with a total carrying amount of approximately RMB73 million (2016: RMB72 million). Certain bank borrowings were also guaranteed by a director of the subsidiary and an independent third party.

(ii) The bank borrowings of the Group bear interest at fixed and floating interest rates. The effective interest rates ranged from 4.5% to 7.4% (2016: 4.3% to 7.4%).

12. SHARE CAPITAL

(a) The Company's issued and fully paid-up capital comprises:

	2017		2016	
	Number (million)	***RMB***	*Number (million)*	*RMB*
Ordinary shares of RMB0.10 each:				
Domestic shares				
At 1 January and 31 December	**698**	**69,750,000**	698	69,750,000
H shares				
At 1 January	**897**	**89,750,000**	897	89,750,000
Issue of new shares *(note (i))*	**100**	**10,000,000**	–	–
At 31 December	**997**	**99,750,000**	897	89,750,000
Total at 31 December	**1,695**	**169,500,000**	1,595	159,500,000

Notes:

(i) On 17 March 2017, an aggregate of 100,000,000 H shares of RMB0.1 each has been issued to Shu Ju Ku Inc. for the acquisition of Shu Ju Ku Greater China Limited.

(ii) Domestic shares and H shares are both ordinary shares in the share capital of the Company. However, H shares may only be subscribed for by, and traded in Hong Kong dollars between legal or natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC. Domestic shares on the other hand, may only be subscribed for by, and traded between legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in RMB. All dividends in respect of H shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in RMB. Other than the above, all domestic shares and H shares rank pari passu with each other in all respects and rank equally for all dividends or distributions declared, paid or made.

(b) Movements in the Group's reserves are set out in the consolidated statement of changes in equity.

(c) No share options had been granted by the Company under its share option scheme (the "Scheme") since its adoption. At 31 December 2017, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2016: nil).

13. RESERVES

	Share premium RMB (Note (i))	Capital reserve RMB (Note (iii))	Accumulated losses RMB (Note (iv))	Other reserve RMB (Note (v))	Total RMB
The Company					
At 1 January 2016	154,667,871	(2,312,483)	(69,095,026)	(22,032,403)	61,227,959
Loss and total comprehensive income for the year	–	–	(15,004,994)	–	(15,004,994)
At 31 December 2016	154,667,871	(2,312,483)	(84,100,020)	(22,032,403)	46,222,965
Issue of new shares	100,798,343	–	–	–	100,798,343
Loss and total comprehensive income for the year	–	–	(14,058,221)	–	(14,058,221)
At 31 December 2017	255,466,214	(2,312,483)	(98,158,241)	(22,032,403)	132,963,087

(i) Share premium

Share premium represents premium arising from the issue of shares issued at a price in excess of their par value per share.

(ii) Surplus reserve

In accordance with the PRC Companies Law, the Company and its subsidiaries are required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to the statutory surplus reserve (until such reserve reaches 50% of the registered capital of the respective companies). The statutory surplus reserve is non-distributable and can be used to make up losses or to increase share capital. Except for the reduction of losses incurred, other usage should not result in the statutory surplus reserve falling below 25% of the registered capital. No such transfer was made in 2017 and 2016 as such reserve reached 50% of the registered capital of the respective companies.

No surplus reserve was set up for the Company for the year ended 31 December 2017.

(iii) Capital reserve

The capital reserve arose primarily as a result of the group reorganisation in 2002.

(iv) Retained earnings/(accumulated losses)

The retained earnings/(accumulated losses) represent the cumulative net gains and losses recognised in profit or loss.

(v) Other reserve

The reserve relates to the initial carrying amount of liability of a written put option granted to non-controlling interests which were independent third parties under a disposal transaction of partial interest in a subsidiary. The reserve will be released upon the expiry of the put option,

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the period under review, as affected the drop in raw material price and adverse weather, the market trend of the compound fertiliser business operated by the Group had all along been at a state of downturn as a whole, and enterprise inventory pressure increased, augmented by the factors of local planting structure adjustment of peasants and low agricultural product price, the enthusiasm of farmers in using fertilisers was affected. Facing the declining overall market demand and keen market competition, Guangdong Fulilong and Shandong Hidersun, subsidiaries of the Company, actively coped with the challenges to accelerate the research and development of new biological organic fertilisers and timely adjusted the product mix and marketing strategies. During the period under review, Guangdong Fulilong, a subsidiary of the Company, set up Guangdong Fulilong Forestry Ecological Technology Co. Ltd. ("Guangdong Forestry Eco") which is principally engaged in the research and technology services of ecological agriculture and forestry technology to further expand the business scope of Guangdong Fulilong to ensure the stable and healthy development of the compound fertiliser business. In addition, during the period under review, Guangdong Fulilong became the third batch of planned academician work station enterprise in Dongguan after the discussion in the Dongguan academician work station review committee meeting. Guangdong Fulilong will drive the Company's development in technology innovation in future and plays a leading role in the Company's industrial structure and upstream and downstream industrial chain integration through technology innovation.

During the period under review, the Company completed the acquisition of SJKGC in March 2017 which is engaged in the quantitative EEG detection business in USA and gradually applied the cutting-edge global proprietary quantitative EEG detection and diagnostic technology in the human brain science and technology sector to carry out relevant technical services and project cooperation domestically, including the quantitative and precise detection and diagnosis of various mental and neurological diseases, and quantitative analysis of character traits and talent advantages of children and adults, etc. At the same time, in order to develop the health care 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 part of realising the Group's strategic layout in healthcare and elderly care industry. Shanghai Muling Elderly Care manages 6 elderly homes and 27 day care centers across 4 major central districts in Shanghai (Pudong New Area, Jing'an District, Putuo District and Huangpu District), and in Yunnan and Xinjiang. The elderly homes accommodate a total of 3,000 beds and the care centers can serve 750,000 seniors in the neighbourhood under the management of Muling Elderly Care. The seniors are aged 88 or above in average in the elderly homes, whereas aged 80 or above for the individuals attend the community day care centers. Most of the attendees are seniors with complete or partial disability or dementia. The elderly homes managed by Muling Elderly Care were accredited as tier– 3 elderly care institution (being the highest level) in the first batch by Shanghai Social Welfare Industry Association（上海市社會福利行業協會）. Its professional caring for the seniors with disability or dementia and its upgraded day care service model were awarded as Excellent Cases for Innovative Practice in Elderly Care Services in Shanghai（上海養老服務創新實踐優秀案例）by Shanghai Civil Affairs Bureau. Its standardised projects for elderly day care services was awarded by Shanghai Quality and technical Supervision Bureau（上海市質量技術監督局）as the "First Batch of Standardised Pilot Projects on Social Management and Public Services in Shanghai in 2014"（《2014年第一批上海市社會管理和公共服務標準化試點項目》）, and it became the fourth batch of comprehensive standardised pilot projects on social management and public services in China in 2017. During the period under review, as reviewed by National development and Reform Commission, Ministry of Civil Affairs and National Aging Office, Shanghai Ruifu Retirement Service Center, a subsidiary of Shanghai Muling, successfully entered into the national 75 typical cases regarding retirement service quality upgrading for "Let professionals handle professional issues". Currently, the Group makes key layouts and carries out relevant retirement service businesses including retirement agency (service facility) operational management, retirement service resources integration, retirement service management monitoring and consultancy, so as to gradually enhance the Group's market competitiveness in the complete or partial disability or dementia senior caring sector.

FINANCIAL REVIEW

Turnover, gross profit and gross margin

For the year ended 31 December 2017, the Group achieved total annual turnover of RMB375,906,530, representing a decrease of 3.4% as compared to last year (31 December 2016: RMB389,278,236). The consolidated gross profit was RMB53,205,427 (31 December 2016: RMB78,805,675) and the consolidated gross profit margin was 14.15% (31 December 2016: 20.24%). During the period under review, due to the continuous decline in compound fertiliser industry and the overall high pressure in inventory, the Group actively adjusted its product mix and pricing of some biological compound fertiliser products according to market changes, so as to improve market competiveness and this resulted a decrease of the Group's consolidated gross margin as compared to last year.

Other income and (losses)/gains, net

For the year ended 31 December 2017, other income and losses was RMB5,377,946 (31 December 2016: other income and gains, net of RMB871,180). Other income and losses, net for the year ended 31 December 2017 mainly comprised fair value loss of profit guarantee receivable of approximately RMB7.3 million from the acquisition of business and intangible asset in the current year.

Selling and distribution costs

For the year ended 31 December 2017, selling and distribution costs of the Group was RMB14,755,804, representing a decrease of 28.01% as compared to last year (31 December 2016: RMB20,495,906). During the period under review, in view of the adverse market conditions and intense market competition, the Group moderately controlled its marketing and selling expenses.

Administrative expenses

For the year ended 31 December 2017, administrative expenses of the Group were RMB36,227,996 (31 December 2016: RMB30,739,780), representing an increase of 17.85% as compared to last year, which was mainly due to the Group's obvious increase in service charges of intermediary institutions as compared to last year and an appropriate increase in the provision for trade receivables as compared to last year based on the prudent accounting principles.

Research and development expenses

For the year ended 31 December 2017, research and development expenses of the Group were RMB9,294,266, representing a decrease of 19.18% as compared to last year (31 December 2016: RMB11,499,384), which was mainly due to the Group's moderate control in research and development projects under the adverse market conditions.

Finance costs

For the year ended 31 December 2017, finance costs of the Group were RMB3,699,137, representing a slight increase of 3.31% as compared to last year (31 December 2016: RMB3,580,769). The details are set out in Note 4 to the announcement.

(Loss)/Profit for the year

For the year ended 31 December 2017, loss attributable to the owners of the Company was RMB13,752,052, however, profit attributable to the owners of the Company was RMB5,970,713 in the same period of last year; For the year ended 31 December 2017, loss per share of the Company was RMB0.82 cents, however, there were earnings per share of RMB0.37 cents in the same period of last year.

STRUCTURE OF SHARE CAPITAL

As at 31 December 2017, the structure of share capital of the Company is set out in Note 12 to the announcement.

ACQUISITION OF 51% STAKE OF SJK GREATER CHINA LTD.

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 HONGKONG TEDA Biomedical Investment Limited（香港泰達生物投資有限公司）("HK TEDA") to hold the Sale Shares on its behalf and a new shareholders agreement of SJKGC had been entered into amongst the Vendor, HK TEDA and SJKGC on 17 March 2017, the terms and conditions of which were substantially the same as those set out in the Shareholder Agreement (which in turn had 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. According to the terms of the Agreement, upon the 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, Chairman and 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. For details, please refer to the announcement of the Company published on the GEM website dated 10 April 2017.

GENERAL MANDATE TO ISSUE SHARES

On 16 May 2017, the Company issued an announcement that a special resolution was duly passed at the annual general meeting of the Company on 16 May 2017 granting to the Board a general mandate to issue, allot and deal with additional Domestic Shares/H Shares not exceeding 20% of the Domestic Shares in issue and 20% of the H Shares in issue of the Company, and authorising the Board to make such amendments to the articles of association of the Company as it thinks fit to reflect the new share capital structure subsequent to the allotment or issue of additional shares. For details, please refer to the notice of the annual general meeting and circular of the Company both dated 30 March 2017 published on the GEM website, and the announcement of results of the annual general meeting dated 16 May 2017 published on the GEM website.

ACQUISITION OF SHANGHAI ELDERLY CARE INSTITUTIONS

On 19 June 2017, the Company issued an announcement 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 the 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) ("Muling Elderly Care"). For details, please refer to the voluntary announcement of the Company published on the GEM website dated 19 June 2017.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION ON TRANSFERRING OF DOMESTIC SHARES

On 11 August 2017, the Company issued an announcement that on 26 July 2017, Guangzhou Wenguang Media Company Limited ("Guangzhou Wenguang"), as the seller, entered into an agreement with Shandong Zhinong Fertilizers Company Limited ("Shandong Zhinong") to transfer the 10,000,000 domestic shares of the Company to Shandong Zhinong, representing 0.59% of the total issued share capital of the Company. The Board had proposed to amend Article 20 of the Articles of Association of the Company to reflect the transfer of 10,000,000 domestic shares of the Company to Shandong Zhinong. The matter regarding the amendment to the Articles of Association of the Company on transferring the domestic shares was passed as a special resolution at the extraordinary general meeting of the Company convened on 29 September 2017. For details, please refer to the announcement dated 11 August 2017 published on the GEM website, the notice of extraordinary general meeting and circular both dated 14 August 2017, and the announcement of the results of the extraordinary general meeting dated 29 September 2017 of the Company published on the GEM website.

RESIGNATION AND APPOINTMENT OF DIRECTORS

On 27 September 2017, the Company issued an announcement that the Board had accepted the resignation of Mr. Chen Yingzhong, a non-executive Director, and the resignation of Mr. Duan Zhongpeng, an independent non-executive Director, with effect from 27 September 2017.

The Board proposed to appoint Mr. Cao Aixin as a non-executive Director and appoint Mr. Wang Yongkang as an independent non-executive Director respectively for a term commencing on the date of approval by the shareholders of the Company and expiring on 31 December 2019. The aforesaid proposals became effective after being voted by poll as ordinary resolutions at the extraordinary general meeting of the Company convened on 16 November 2017. For details, please refer to the announcement dated 27 September 2017 published on the GEM website, the notice of extraordinary general meeting and circular both dated 29 September 2017 of the Company, and the announcement of the results of the extraordinary general meeting dated 16 November 2017 of the Company published on the GEM website.

ISSUE OF ADDITIONAL H SHARES UNDER GENERAL MANDATE

The company issued an announcement on 9 February 2018 and a supplementary notice on 12 February 2018, and the Company entered into the subscription agreements with no less than six subscribers to issue a total of 199,500,000 new H Shares to the subscribers. The subscribers are independent institutional and/or individual investors who are independent third parties of the Company and its connected persons. The subscription price is HK$0.25 per subscription share, and the number of the subscription shares represented 10.53% of the total number of Shares in issue at the completion of the subscription on 14 March 2018. For details, please refer to the announcements of the Company dated 9 February 2018, 12 February 2018 and 14 March 2018 published on the GEM website.

The comparison of the shareholding structure of the Company before and after the issue of additional H Shares is as follows:

		Before Completion of This Additional Issue		**After Completion of This Additional Issue**	
Name of shareholders	**Nature of Shareholding**	**Number of Shares Held**	**Percentage of Shares** *(%)*	**Number of Shares Held**	**Percentage of Shares** *(%)*
Tianjin TEDA International Incubator	State-owned legal person shares	182,500,000	10.77	182,500,000	9.63
Gu Hanqing	Natural person shares	14,000,000	0.83	14,000,000	0.74
Xie Kehua	Natural person shares	9,000,000	0.53	9,000,000	0.48
Guangzhou Wenguang Media	Social legal person shares	2,000,000	0.12	2,000,000	0.11
北京金百達信息	Social legal person shares	10,000,000	0.59	10,000,000	0.53
Shenzhen Xiangyong	Social legal person shares	180,000,000	10.62	180,000,000	9.50
Shandong Zhinong	Social legal person shares	180,000,000	10.62	180,000,000	9.50
Dongguan Lvye	Social legal person shares	120,000,000	7.08	120,000,000	6.33
H Shares public shareholders	H Shares	897,500,000	52.95	897,500,000	47.38
H Shares subscribers	H shares	–	–	199,500,000	10.53
Shu Ju Ku, Inc.	H Shares	100,000,000	5.90	100,000,000	5.28
Total		1,695,000,000	100.00	1,894,500,000	100.00

SEGMENTAL INFORMATION

The Group principally operates two business segments: (1) compound fertilisers products; and (2) elderly care and health care services.

The details of the analysis of the Group's results for the year ended 31 December 2017 and 31 December 2016 are disclosed in respective notes to the financial statements enclosed.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 31 December 2017, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2017, the Group's current assets and net current assets were RMB307,618,425 (31 December 2016: RMB370,869,399) and RMB174,540,370 (31 December 2016: RMB260,624,945) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 2.31 (31 December 2016: 3.36). The Group's current assets as at 31 December 2017 comprised mainly cash and bank balances of RMB37,592,277 (31 December 2016: RMB85,743,326), trade and bills receivables of RMB107,490,288 (31 December 2016: RMB89,830,445), prepayments and other receivables of RMB69,342,030 (31 December 2016: RMB116,116,280) and inventories of RMB92,699,923 (31 December 2016: RMB68,465,182).

As at 31 December 2017, total bank borrowings of the Group amounted to RMB40,000,000 (31 December 2016: RMB40,000,000) The bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed and floating interest rates ranging from 4.5% to 7.4% (31 December 2016: 4.3% to 7.4%) per annum. Out of all the bank borrowings, a total amount of RMB25,700,000 will mature in the first half of 2018, a total amount of RMB14,300,000 will mature in the second half of 2018.

As at 31 December 2017, the Group's consolidated total assets and net assets were RMB707,877,846 (31 December 2016: RMB459,627,648) and RMB574,799,791 (31 December 2016: RMB349,383,194) respectively. The Group's consolidated gearing ratio, represented by the ratio of total liabilities to total assets, was 0.19 (31 December 2016: 0.24). As at 31 December 2017, the Group's consolidated gearing ratio, represented by the ratio of total bank borrowings to total assets, was 0.06 (31 December 2016: 0.09).

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2017, banking facilities of approximately RMB50 million (2016: RMB40 million) were granted to the Group and the Group utilised approximately RMB40 million (2016: RMB 40 million) during the year ended 31 December 2017.

As at 31 December 2017, the Group did not have any material contingent liabilities (2016: RMB15,000,000).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 643 employees (2016: 492 employees). The remunerations of the Group's employees are determined in accordance with the terms of government policies and by reference to market standard and the performance, qualifications and experience of employees. Discretionary bonuses are paid to a few employees as a recognition of and reward for their contributions to the corporate development. Other benefits include contributions to retirement schemes, medical schemes, unemployment insurance schemes and housing allowances.

EXPOSURE TO FOREIGN CURRENCY RISK

During the period under review, the Group had a relatively low foreign currency risk since the principal business of the Group are mainly domestic sales in China denominated in Renminbi and payables to suppliers are also mainly 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

Looking ahead, the global economy will continue its moderate recovery. While China has stepped into a breakthrough and deepening stage of reform and restructuring, all round deepening reform with full thrust momentum and multi-breakthrough both vertically and horizontally. With accelerating paces in economic structure adjustment and industrial upgrading, the stable economic momentum keep on consolidating and new motions of sustainable economic development keep on accumulating. China will promote its supply-side structural reforms and accelerate opening up its new economic system, using innovation to drive economic development to achieve sustainable development. Under this context, the Group will insists on the development concepts of innovation, coordination, green, openness and sharing of the biological compound fertiliser and health and medical care businesses that the Group are engaged in. Furthermore, while keep on optimising our internal resources and industrial structure, we will monitor risk to ensure smooth industrial upgrading and transformation.

In recent years, the progress of de-capacity for compound fertilisers has been promoting which is due to the impact of the national environmental protection requirements that pushes the market-oriented reform moving forward. Compound fertilisers enterprises with falling behind production facilities and not meeting the standards will face production halt. Furthermore, owing to reasons of bad practices on credit and sales, the compound fertilisers market sentiment was lack lustre, with many vulnerable distributors exiting the agricultural capital market. Eliminating the falling behind capacity will lead to industrial concentration improvement, in which it will optimise the market further. This year, on the basis of the requirements of assurance state food security in the Central Document No.1, deepening the agricultural supply-side structural reforms, promoting modernisation of agricultural villages, boosting transformation from production increase focus to quality improvement are the emphasis to put green and qualify agricultural products in a prominent position. Moreover, according to "Guiding Opinions on Promoting the Transformation Development of Fertiliser Industry" published by the Ministry of Industry and Information Technology of China and the requirements of the "Action Program for Zero Growth in the Use of Fertiliser by 2020" formulated by the Ministry of Agriculture, the development of fertiliser industry of China will mainly focus on promoting the increase in grain yield and farmers' income, the safety of the ecological environment and meeting the demand for scientific fertilisation. With extensive implementation of agricultural ecological management, soil protection and improvement, it will facilitate new fertilisers' development such as effective specialised fertilisers, value-added fertilisers and organic fertilisers. Guangdong Fulilong, the Group's compound fertiliser manufacturing enterprise, will quicken its pace in the research and development and marketing of new ecological and environment-protection fertilisers and strengthen agricultural fertiliser service by leveraging on the research and development technology platforms of "Guangdong Fulilong Soil Conditioning and Remediation Institute"(廣東福利龍土壤調理修復研究院) and "Provincial Engineering Technology Center" as well as the special agroforestry ecological platform, "Guangdong Fulilong Agroforestry Ecological Technology Co., Ltd", so as to ensure the development of the Group's compound fertiliser business to reach a new level with the objective of enhancing the operational benefits of the Group's biological compound fertiliser 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 by 2030, representing 20.2% of the total aged population, and will reach its peak of 400 million by 2055, representing 27.2%. 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. In future, the Group will strive to enhance its core competitiveness in the elderly care industry through its superiorities such as its trained 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. At the same time, we have already used the world's unique quantitative EEG detection and analysis technology we acquired successfully and actively expand the cooperation relationship with relevant health care institutions and physical examination agencies both domestically and abroad for the purpose of comprehensively realising the localisation of quantitative EEG detection and analysis technology. We assist such institutions to diagnose various nerve/mental diseases and provide quantitative analysis on children's or adults' personal characteristics and superiorities, provide scientific basis about analysis of individual training in children and adult job adaption. We will strive to cultivate the elderly care services integrating medical services and EEG detection service 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 31 December 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 issued share capital
Ms. Sun Li	–	–	300,000,000 *(Note)*	–	300,000,000	17.70%

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

Save as disclosed in this paragraph, as at 31 December 2017, none of the Directors or the Supervisors 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 year was the Company or any of its subsidiaries 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 have the rights to subscribe for the Company's securities or to exercise any such rights.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 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 issued share capital**
Tianjin TEDA International Incubator ("Incubator")	Beneficial owner	182,500,000 *(Note 1)*	10.77%
Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment")	Beneficial owner	180,000,000 *(Note 1)*	10.62%
Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers")	Beneficial owner	180,000,000 *(Note 1)*	10.62%
Dongguan Lvye Fertilizers Company Limited ("Lvye Fertilizers")	Beneficial owner	120,000,000 *(Note 1)*	7.08%
Shu Ju Ku Inc.	Beneficial owner	100,000,000 *(Note 2)*	5.90%

Note 1: All of the shares represent domestic shares.

Note 2: All of the shares represent H shares.

Save as disclosed above, as at 31 December 2017, the Directors of the Company were not aware of any other person (other than the Directors and the Supervisors of the Company) who had an interest and short position 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 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.

MANAGEMENT CONTRACTS

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMPETING INTERESTS

During the year ended 31 December 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.

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 year ended 31 December 2017.

SHARE OPTION SCHEME

For the year ended 31 December 2017, the Company did not approve any new share option scheme.

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. Wang Yongkang and Ms. Gao Chun during the period under review, among whom, Mr. Li Xudong was appointed as the chairman of the committee due to his professional qualifications in accounting and auditing experience.

The audit committee had held six meetings during the current financial year. The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2017.

DIRECTORS' SECURITIES TRANSACTION

For the year ended 31 December 2017, the Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Directors of the Company have complied with such code of conduct and the required standard of dealings.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company have 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 Group. The corporate governance principles which the Company complies emphasise on the establishment of 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This announcement involves the environmental, social and governance (the "ESG") performance of the Company and its subsidiaries in their principal place of business. It is prepared in accordance with the ESG Guide (the "Guide") issued by Hong Kong Stock Exchange. The Board is of the opinion that enterprises that actively undertake social responsibility are the most competitive and viable enterprises. Through this announcement, the Board hopes that the Company will continue to improve our governance standard in the areas such as environmental protection, social responsibility and corporate governance and together, together with various our stakeholders to jointly promote the harmonious development of economy, society and environment.

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

Tianjin, the PRC
26 March 2018

As at the date of this announcement, the executive Directors of the Company are Sun Li, Hao Zhihui and Liu Renmu; the non-executive Directors of the Company are Cao Aixin, Feng Enqing, and Li Ximing; the independent non-executive Directors of the Company are Li Xudong, Wang Yongkang and Gao Chun.

This announcement, for which the directors are willing to 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 of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that the information contained in this announcement is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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