

**TIANJIN TEDA BIOMEDICAL ENGINEERING COMPANY LTD :**  
**IT SELLS NOODLES, MOONCAKES AND FOODSTUFFS, NOT MEDICINES**

Considering that Tianjin TEDA Biomedical Engineering Company Ltd is an entity, controlled by the Government of the People's Republic of China (PRC), it may seem unsettling to some people to learn that the bad debts of this company have been rising, over the past few years, at the rate of about 1,682 percent, per annum, according to TARGET's calculations.

It does not recommend, or commend, one to Management of Tianjin TEDA Biomedical, does it?

Tianjin TEDA Biomedical is a fairly recent addition to the rolls of The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd, being designated Stock Code Number 8189.

This Company claims to be '*principally engaged in the research and development and subsequent commercialisation of medical and health products using technology in the Biomedical Engineering discipline of the PRC which targets the treatment and/or rehabilitation of patients ...*'. (Page 82 of the Prospectus)

It went to The GEM on June 10, 2002, in order to raise about 74.50 million renminbi (about \$HK70.28 million) by Placing 100 million, 0.10 renminbi Shares at a Premium of 98 cents (Hongkong) per Share.

The money was said to be needed for the following reasons:

35.20 million renminbi for accelerating the commercialisation of the Company's developed products and those products under development, through investment in joint ventures;

1. 16.30 million renminbi for the expansion of production facilities;
2. 2.50 million renminbi for research and development;
3. 5.50 million renminbi for the expansion of marketing and distribution networks;
4. 5 million renminbi for the establishment of treatment centres; and,
5. 10 million renminbi to be used as additional Working Capital.

The history of this Company is that it was founded as a '*PRC state-owned high-tech industrial incubator for biological and information technology*', being established in April 1996. (Page 82)

Since its founding, it has managed to lose money, year after year after year.

And it would appear, on studying the Prospectus, that it is in for yet another year of losses.

Page 193 of the Prospectus gives 2 Financial Years of Tianjin TEDA Biomedical's progress (or should that read, regress?):

	Financial Year ended December 31	
	2000	2001

	All Figures are Denominated in Renminbi (unless otherwise stated)	
Turnover	16,883,870	25,525,517
Cost of Sales	(8,569,438)	(13,394,733)
Gross Profit	8,314,432	12,130,784
Gross Profit Margin	49.24 percent	47.52 percent
Other Revenue	68,121	130,559
Distribution and Selling Expenses	(5,726,704)	(10,106,097)
Administrative Expenses	(2,752,237)	(9,482,391)
Research and Development Expenses	(8,227,69)	(1,335,915)
Amortisation of Goodwill arising from the Acquisition of Equity Interests in Tianjin Alpha Health Care Products Company Ltd *	(209,488)	(231,021)
Loss from Operations	(8,533,545)	(8,894,081)
Financing Costs	(45,511)	(970,523)
Loss for the Year after Taxation but before Minority Interests	(8,579,056)	(9,864,604)
Minority Interests	Nil	8,268
Net Loss Attributable to Shareholders	(8,579,056)	(9,856,336)

\* Tianjin Alpha Health Care Products Company Ltd, a Chinese-foreign equity joint venture enterprise, established in the PRC on 15<sup>th</sup> August 1994, the Registered Capital of which is owned as to 75 percent by Tianjin TEDA Biomedical and as to 25 percent by Mr Lam Wing Chung, an Independent Third Party.

Throughout the track-record period, the cost of labour, with regard to the operations of this Company, rose from about 2.96 million renminbi to about 6.19 million renminbi.

During this same period, also, known bad debts and the requirements for Provisions in respect of bad and doubtful debts rose from the 2000-Year's figure of about 114,930 renminbi to the known requirements for 2001 of 1,958,789 renminbi. (Page 205 of the Prospectus)

For a company, that is owned and controlled by the Government of the PRC, those statistics are difficult to understand.

(Still, to be honest, there are a number of things about the PRC Government that have stymied many an economist, this observer not excluded)

Lastly, in respect of the Turnover, Page 220 of the Prospectus indicates that which Tianjin TEDA Biomedical terms, 'Diabetic Health Products', products, it appears, that are/is bringing home most of the Company's proverbial bacon ... [CLICK TO ORDER FULL ARTICLE](#)

***While TARGET makes every attempt to ensure accuracy of all data published, TARGET cannot be held responsible for any errors and/or omissions.***

*If readers feel that they would like to voice their opinions about that which they have read in TARGET, please feel free to e-mail your views to [editor@targetnewspapers.com](mailto:editor@targetnewspapers.com) or [targnews@hkstar.com](mailto:targnews@hkstar.com). TARGET does not guarantee to publish readers' views, but reserves the right so to do subject to the laws of libel.*