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 2012

Characteristics of the Growth Enterprise Market ("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 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.

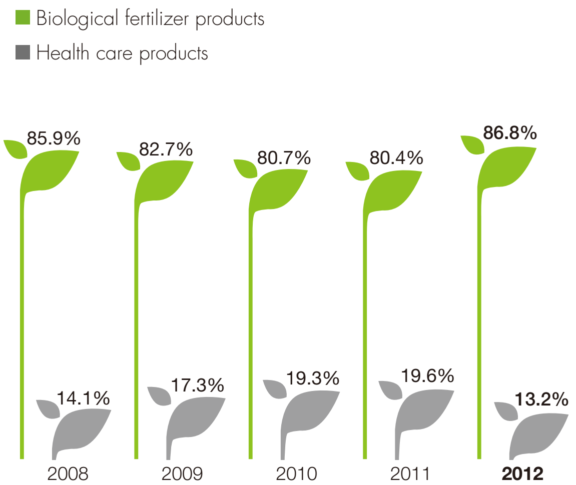
The information set out in this announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited collectively and individually accept full responsibility, is given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Tianjin TEDA Biomedical Engineering Company Limited. The directors of Tianjin TEDA Biomedical Engineering Company Limited, 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

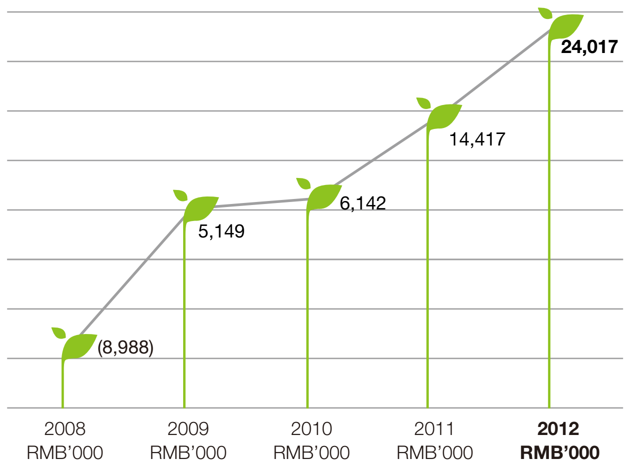
	For the year ended 31 December				
	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000	**2012** **RMB'000**
Results					
Turnover	422,512	432,000	429,057	511,151	**677,640**
Gross profit	66,563	85,747	85,760	99,268	**136,336**
Gross margin	15.75%	19.85%	19.99%	19.42%	**20.12%**
Profit/(loss) attributable to the shareholders	(8,988)	5,149	6,142	14,417	**24,017**
Earnings/(loss) per share	(1.44) cents	0.46 cents	0.43 cents	1.02 cents	**1.69 cents**

	For the year ended 31 December				
	2008 RMB'000	2009 RMB'000	2010 RMB'000	2011 RMB'000	**2012** **RMB'000**
Assets & Liabilities					
Total assets	309,551	309,136	309,073	324,299	**421,976**
Total liabilities	224,996	150,432	142,376	145,888	**219,346**
Equity attributable to the shareholders	81,823	134,919	141,061	156,039	**180,056**

Turnover and breakdown



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 2012 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2012

	Notes	**2012** RMB	2011 RMB
Turnover	2	**677,640,122**	511,150,674
Cost of sales		**(541,303,689)**	(411,882,369)
Gross profit		**136,336,433**	99,268,305
Other income and net (losses)/gains		**(198,365)**	5,071,404
Selling and distribution costs		**(43,897,995)**	(39,841,448)
Administrative expenses		**(36,204,066)**	(27,014,853)
Research and development expenses		**(17,961,329)**	(12,066,344)
Finance costs	4	**(7,146,800)**	(6,415,263)
Profit before income tax expenses	4	**30,927,878**	19,001,801
Income tax expenses	5	**(6,709,627)**	(2,688,300)
Profit and total comprehensive income for the year		**24,218,251**	16,313,501
Attributable to:			
Owners of the Company		**24,017,317**	14,417,026
Non-controlling interests		**200,934**	1,896,475
		24,218,251	16,313,501
Earnings per share – Basic and diluted (RMB)	8	**1.69 cents**	1.02 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2012

	Notes	2012 RMB	2011 RMB
Non-current assets			
Property, plant and equipment		**81,863,801**	80,077,920
Goodwill		**3,133,932**	3,133,932
Available-for-sale financial assets		**–**	3,000,000
Prepaid land lease payments		**16,676,746**	17,183,824
Prepayment and other receivables		**375,729**	–
Total non-current assets		**102,050,208**	103,395,676
Current assets			
Inventories		**98,208,640**	75,798,020
Trade and bills receivables	9	**123,621,119**	56,081,170
Prepayments and other receivables	10	**55,037,803**	56,687,196
Restricted bank deposits		**16,712,100**	–
Bank balances and cash		**23,345,651**	32,336,570
		316,925,313	220,902,956
Assets classified as held for sale		**3,000,000**	–
Total current assets		**319,925,313**	220,902,956
Total assets		**421,975,521**	324,298,632
Current liabilities			
Trade and bills payables	11	**67,495,807**	13,086,695
Other payables and accruals		**60,879,122**	37,157,536
Tax payable		**7,671,232**	2,143,292
Bank borrowings	12	**83,300,000**	93,500,000
Total current liabilities		**219,346,161**	145,887,523
Net current assets		**100,579,152**	75,015,433
Total assets less current liabilities		**202,629,360**	178,411,109
NET ASSETS		**202,629,360**	178,411,109
Capital and reserves attributable to owners of the Company			
Share capital	13	**142,000,000**	142,000,000
Reserves		**38,055,863**	14,038,546
Equity attributable to owners of the Company		**180,055,863**	156,038,546
Non-controlling interests		**22,573,497**	22,372,563
TOTAL EQUITY		**202,629,360**	178,411,109

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2012

	Share capital Note 13 RMB	Share premium Note 14(i) RMB	Surplus reserve Note 14(ii) RMB	Capital reserve Note 14(iii) RMB	Accumulated losses Note 14(iv) RMB	Attributable to owners of the Company RMB	Non-controlling interests RMB	Total RMB
Balance as at 1 January 2011	142,000,000	75,816,410	1,515,000	2,541,404	(80,812,243)	141,060,571	25,637,037	166,697,608
Acqusition of non-controlling interests	–	–	–	–	560,949	560,949	(5,160,949)	(4,600,000)
Profit and total comprehensive income for the year	–	–	–	–	14,417,026	14,417,026	1,896,475	16,313,501
Transfer to reserve	–	–	870,483	–	(870,483)	–	–	–
Balance as at 31 December 2011	142,000,000	75,816,410	2,385,483	2,541,404	(66,704,751)	156,038,546	22,372,563	178,411,109
Profit and total comprehensive income for the year	–	–	–	–	24,017,317	24,017,317	200,934	24,218,251
Transfer to reserve	–	–	2,219,164	–	(2,219,164)	–	–	–
Balance as at 31 December 2012	142,000,000	75,816,410	4,604,647	2,541,404	(44,906,598)	180,055,863	22,573,497	202,629,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi Unless Stated Otherwise)

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

(a) Adoption of new/revised HKFRSs – Effective 1 January 2012

Amendments to HKFRS 1	Severe Hyper Inflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKAS 7	Disclosures – Transfers of Financial Assets
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets

Other than explained below, the adoption of these new and revised standards and interpretations has no significant impact on the Group's financial statements.

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 expand the disclosure requirements for transfer transactions of financial assets, in particular where the reporting entity has continuing involvement in financial assets that it has derecognised. The newly required disclosures allow users of financial statements to better understand the risks to which the reporting entity remains exposed. And such information is relevant in assessing the amount, timing and uncertainty of the entity's future cash flows.

Amendments to HKAS 12 – Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 introduce a rebuttable presumption that an investment property which is stated at fair value under HKAS 40 "Investment Property" is recovered entirely through sale. The measurement of the deferred tax liability or deferred tax asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

If this presumption is rebutted, the amount of deferred tax is measured based on the expected manner in which the carrying amount of the investment property would be recovered, using the appropriate tax rates enacted or substantially enacted at the reporting date.

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

The following new and 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.

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[1]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 12	Disclosure of Interest in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
HKAS 27 (2011)	Separate Financial Statements[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

HKFRSs (Amendments) – Annual Improvements to HKFRSs 2009-2011 Cycle

The improvements made amendments to following standards.

(i) HKAS 1 Presentation of Financial Statements

The amendments clarify that the requirement to present a third statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification of items in its financial statements is limited to circumstances where there is a material effect on the information in that statement of financial position. The date of the opening statement of financial position is the beginning of the preceding period and not, as at present, the beginning of the earliest comparative period. The amendments also clarify that, except for disclosures required by HKAS 1.41–44 and HKAS 8, the related notes to the third statement of financial position are not required to be presented. An entity may present additional voluntary comparative information as long as that information is prepared in accordance with HKFRS. This may include one or more statements and not a complete set of financial statements. Related notes are required for each additional statement presented.

(ii) HKAS 16 Property, Plant and Equipment

The amendments clarify that items such as spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment when they meet the definition of property, plant and equipment. Otherwise, such items are classified as inventory.

(iii) HKAS 32 Financial Instruments: Presentation

The amendments clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with HKAS 12 Income Taxes. Depending on the circumstances these items of income tax might be recognised in equity, other comprehensive income or in profit or loss.

(iv) HKAS 34 Interim Financial Reporting

The amendments clarifies that in interim financial statements, a measure of total assets and liabilities for a particular reportable segment need to be disclosed when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total assets and liabilities for that segment from the amount disclosed in the last annual financial statements.

Amendments to HKAS 1 (Revised) – Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 (Revised) require the Group to separate items presented in other comprehensive income into those that may be reclassified to profit and loss in the future (e.g. revaluations of available-for-sale financial assets) and those that may not (e.g. revaluations of property, plant and equipment). Tax on items of other comprehensive income is allocated and disclosed on the same basis. The amendments will be applied retrospectively.

Amendments to HKAS 32 – Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

Amendments to HKFRS 7 – Offsetting Financial Assets and Financial Liabilities

HKFRS 7 is amended to introduce disclosures for all recognised financial instruments that are set off under HKAS 32 and those that are subject to an enforceable master netting agreement or similar arrangement, irrespective of whether they are set off under HKAS 32.

HKFRS 9 – Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 10 – Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The implementation of HKFRS 10 may result in changes in those entities which are regarded as being controlled by the Group and are therefore consolidated in the financial statements. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosure of Interests in Other Entities

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements.

HKFRS 13 – Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. HKFRS 13 can be adopted early and is applied prospectively.

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors so far concluded that the application of these new pronouncements will have no material impact on the Group's financial statements.

2. TURNOVER

Turnover, 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:

	2012 RMB	2011 RMB
Fertiliser products	**588,289,787**	411,002,282
Health care products	**89,350,335**	100,148,392
	677,640,122	511,150,674

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.

The Group has two reportable segments. The 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:

- Manufacturing and sale of health care products
- Distribution of biological compound fertiliser products

(a) Segment revenue and results

For the year ended 31 December 2012

	Health care products RMB	**Fertiliser products RMB**	**Elimination RMB**	**Total RMB**
Revenue to external customers	**89,350,335**	**588,289,787**	**–**	**677,640,122**
Segment profit before income tax expenses	**8,265,940**	**22,661,938**	**–**	**30,927,878**

For the year ended 31 December 2011

	Health care products RMB	Fertiliser products RMB	Elimination RMB	Total RMB
Revenue to external customers	100,148,392	411,002,282	–	511,150,674
Segment profit before income tax expenses	6,549,185	12,452,616	–	19,001,801

(b) Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	2012	2011
	RMB	RMB
Segment assets		
Health care products	**88,860,092**	66,509,565
Fertiliser products	**333,025,184**	257,789,067
Segment assets	**421,885,276**	324,298,632
Unallocated	**90,245**	–
Consolidated total assets	**421,975,521**	324,298,632

The unallocated assets represented the corporate assets of the Company.

	2012	2011
	RMB	RMB
Segment liabilities		
Health care products	**74,158,297**	52,817,155
Fertiliser products	**141,707,995**	88,882,095
Segment liabilities	**215,866,292**	141,699,250
Unallocated	**3,479,869**	4,188,273
Consolidated total liabilities	**219,346,161**	145,887,523

The unallocated liabilities represent the corporate payables of the Company.

(c) Other segment information included in segment profit or segment assets

For the year ended 31 December 2012

	Health care products RMB	**Fertiliser products RMB**	**Total RMB**
Interest income	**170,240**	**119,761**	**290,001**
Finance costs	**3,928,763**	**3,218,037**	**7,146,800**
Amortisation of prepaid land lease payments	**–**	**405,588**	**405,588**
Depreciation	**836,205**	**7,828,198**	**8,664,403**
Additions to non-current assets	**800,775**	**14,000,637**	**14,801,412**
Loss/(gain) on property, plant and equipment	**37,432**	**(35,475)**	**1,957**

For the year ended 31 December 2011

	Health care products RMB	Fertiliser products RMB	Total RMB
Interest income	25,936	172,447	198,383
Finance costs	2,547,628	3,867,635	6,415,263
Amortisation of prepaid land lease payments	–	304,101	304,101
Depreciation	786,041	9,171,611	9,957,652
Additions to non-current assets	1,067,259	8,296,808	9,364,067
Loss/(gain) on property, plant and equipment	6,990	(4,678,574)	(4,671,584)

(d) Geographical information and major customers

The Group's revenue from external customers is derived solely from its operations in the PRC, where all its non-current assets are located. In 2012 and 2011, the revenue from the Group's largest customer amounted to less than 10 per cent of the Group's total revenue.

4. PROFIT BEFORE INCOME TAX EXPENSES

	Note	**2012** **RMB**	2011 RMB
Profit before income tax expenses is arrived after charging/(crediting):			
Finance costs			
Interest expense on bank borrowings wholly repayable within five years		**7,146,800**	6,415,263
Auditor's remuneration		**880,000**	813,262
Cost of inventories recognised as expense		**541,303,689**	411,882,369
Depreciation on property, plant and equipment		**8,664,403**	9,957,652
Amortisation of prepaid land lease payments		**405,588**	304,101
Allowance for impairment losses on:			
– Trade receivables	9(b)	**3,760,631**	920,686
– Other receivables	10(a)	**87,289**	682,916
Write-down of inventories		**393,267**	396,212
Loss/(gain) on disposal of property, plant and equipment, net		**1,957**	(4,671,584)
Operating lease rentals – land and buildings		**3,620,144**	2,880,968
Staff costs (including emoluments of directors and supervisors			
– Salaries and allowances		**45,361,927**	32,585,101
– Pension fund contribution		**3,063,616**	2,243,672
		48,425,543	34,828,773

5. INCOME TAX EXPENSES

(a) Enterprise income tax ("EIT")

In accordance with the PRC Enterprise Income Tax Law which became effective from 1 January 2008, a unified enterprise income tax rate of 25% is applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to 16 March 2007 eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until 2011. Accordingly, the Company can continue to enjoy the preferential tax rates during the transitional period and is subject to EIT rate of 25% for the year (2011: 24%).

Shandong Hidersun Fertiliser Industry Co., Ltd., a foreign invested enterprise, was granted the 5-year tax holiday with full exemption for the first two years, followed by 50% tax exemption for the consecutive three years. The tax holiday started in year ended 31 December 2006 and expired the year ended 31 December 2010. Shandong Hidersun was therefore entitled to unified enterprise income tax rate of 25% during year ended 31 December 2012 (2011: 25%).

On 27 February 2012, Guangdong Fulilong Compound Fertilisers Co., Ltd. was approved to renew as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15% (2011: 15%).

On 8 June 2010, Tianjin Alpha Health Care Products Co. Ltd. was approved as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15% for the period from 8 June 2010 to 7 June 2012. The application of new and high technology enterprise was expired since then the applicable tax rate increased to 25%.

The income tax expenses for the year can be reconciled to the Group's profit before income tax expenses as follows:

	2012 **RMB**	2011 RMB
Profit before income tax expenses	**30,927,878**	19,001,801
Calculated at statutory rate of 25% (2011: 25%)	**7,731,970**	4,750,450
Tax effect of non-taxable items	**(21,118)**	(229,146)
Tax effect of expenses not deductible for taxation purposes	**1,318,408**	1,144,915
Utilisation of tax losses previously not recognised	**(570,729)**	(1,922,923)
Tax rate differential	**(2,019,639)**	(1,214,282)
Under provision in prior years	**270,735**	159,286
Income tax expenses	**6,709,627**	2,688,300

(b) Deferred taxation

At 31 December 2012, the Group and the Company have unused tax losses of RMB1,539,000 and RMB1,539,000 respectively (2011: RMB3,822,000 and RMB3,822,000) available for offset against future profits which would expire within five years since the respective years in which the tax losses were incurred. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

6. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of a loss of RMB7,643,986 (2011: RMB7,435,559).

7. DIVIDEND

No dividend has been paid or declared by the Company during the year (2011: Nil).

8. EARNINGS PER SHARE

The calculation of earnings per share is based on the Group's profit attributable to owners of the Company of RMB24,017,317 (2011: RMB14,417,026), divided by the weighted average number of shares of 1,420,000,000 (2011: 1,420,000,000).

Diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding during the years of 2012 and 2011.

9. TRADE AND BILLS RECEIVABLES

	Group	
	2012	2011
	RMB	RMB
Trade receivables (note (a))	**130,105,865**	60,005,285
Less: Allowance for doubtful debts (note (b))	**(7,684,746)**	(3,924,115)
	122,421,119	56,081,170
Bills receivables	**1,200,000**	–
	123,621,119	56,081,170

Notes:

(a) The Group generally grants credit terms of 120 days to major customers and 90 days to others trade customers. As at 31 December 2012, included in trade receivables was an amount of approximately RMB82 million being pledged for bank borrowing (note 12)

The following is an ageing analysis of trade receivables at the end of the reporting periods:

	2012	2011
	RMB	RMB
Within 3 months	**89,893,483**	41,067,899
Between 3 to 6 months	**25,465,635**	11,845,354
Between 6 to 12 months	**8,587,123**	3,935,240
Over 1 year	**6,159,624**	3,156,792
	130,105,865	60,005,285

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

	2012	2011
	RMB	RMB
At 1 January	**3,924,115**	4,842,794
Impairment loss recognised (Note 4)	**3,760,631**	920,686
Bad debt written off	**–**	(1,839,365)
At 31 December	**7,684,746**	3,924,115

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately RMB7.7 million (2011: RMB3.9 million) with a carrying amount before provision of RMB7.7 million (2011:RMB3.9 million). The Group recognised impairment loss on individual assessment related to customers that were in financial difficulties or had prolonged delay in settlements and management of the Group assessed that the amount is expected to be irrecoverable. The Group does not hold any collateral over these balances.

(c) 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.

(d) Trade receivables that were past due but not impaired are as follows:

	2012	2011
	RMB	RMB
Within 3 months	**25,465,635**	10,707,207
Between 3 to 6 months	**6,470,566**	1,539,126
Between 6 to 12 months	**1,085,228**	–
	33,021,429	12,246,333

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.

10. PREPAYMENTS AND OTHER RECEIVABLES

	2012	2011
	RMB	RMB
NON-CURRENT		
Prepayments		
Prepaid promoting expenses	**375,729**	–
CURRENT		
Prepayments		
Prepaid promoting expenses	**2,225,801**	–
Advanced deposits to suppliers	**46,053,910**	43,905,310
Other prepayments	**1,240,514**	675,262
	49,520,225	44,580,572
Other receivables	**7,892,947**	14,394,704
Less: allowance for doubtful debts (note a)	**(2,375,369)**	(2,288,080)
	5,517,578	12,106,624
	55,037,803	56,687,196

(a) Allowance for doubtful debts

	2012 RMB	2011 RMB
At 1 January	**2,288,080**	1,918,617
Allowance for/(reversal of) Impairment loss (Note 4)	**87,289**	682,916
Recovery on amounts written off	**–**	(313,453)
At 31 December	**2,375,369**	2,288,080

Other receivables are assessed to be impaired individually at each reporting date and impairment losses of the Group amounting to approximately RMB2.4 million (2011: RMB2.3 million) has been made as at 31 December 2012. 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.

11. TRADE AND BILLS PAYABLES

	2012 RMB	2011 RMB
Trade payables	**35,495,807**	13,086,695
Bills payables	**32,000,000**	–
	67,495,807	13,086,695

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

	2012 RMB	2011 RMB
Within 3 months	**59,316,245**	8,318,545
Between 3 and 6 months	**3,316,668**	1,989,570
Between 6 and 12 months	**2,499,909**	610,929
Over 1 year	**2,362,985**	2,167,651
	67,495,807	13,086,695

12. BANK BORROWINGS

	2012	2011
	RMB	RMB
Secured against property, plant and equipment, trade and bills receivables, inventories and restricted bank deposits (note (i))	**83,300,000**	50,500,000
Unsecured	**–**	43,000,000
Total (note (ii))	**83,300,000**	93,500,000

The bank borrowings based on the agreed terms of repayment granted by banks are repayable within one year.

Notes:

(i) Secured against property, plant and equipment, prepaid land lease payment, inventories, restricted deposits and trade and bills receivables with a total carrying amount of about RMB211 million (2011: RMB106 million).

(ii) Certain bank loans were also guaranteed by the Company, a fellow subsidiary of the Group, a director of the Company and independent third parties.

(iii) The bank borrowings of the Group bear interest at fixed and floating effective interest rate ranging from 6.6% to 7.8% (2011: floating rate from 5.6% to 8.2%) per annum.

13. SHARE CAPITAL

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

	2012		2011	
	Number (million)	**RMB (million)**	Number (million)	RMB (million)
Ordinary shares of RMB0.1 each:				
Domestic shares				
At 1 January and 31 December	**715**	**71**	715	71
H shares				
At 1 January and 31 December	**705**	**71**	705	71
Total at 31 December	**1,420**	**142**	1,420	142

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 and 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 2012, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2011: Nil).

14. RESERVES

(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.

(iii) Capital reserve

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

(iv) Accumulated losses

The accumulated lossess represents the cumulative net gains and losses recognised in profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Biological compound fertilizer

Influenced by the factors such as the extraordinary weather at the beginning of 2012, the compound fertilizer market generally experienced a continued downturn from the end of last year. However, as the fertilization period began in March, the compound fertilizer market gradually recovered, the prices of all the raw materials started to rebound in late April, and, accordingly, the prices of compound fertilizers also started to rise. Nevertheless, such trend did not continue in the second half of the year. The prices of the raw materials kept declining, as a result of which, even the sale of the compound fertilizers during the sowing period in autumn was adversely affected. As winter set in, the prices of the compound fertilizers gradually became stable, but the trading volume remained unsatisfactory. On 17 December 2012, the Implementation Measures of the Customs Tariff in 2013 (《二零一三年關稅實施方案》) was promulgated, and was generally considered by the players within the industry to be beneficial to the export of the fertilizers and, at the same time, greatly stimulative to the sales of the fertilizers for storage in winter in 2012. By the end of 2012, the demand for compound fertilizers had rebounded with the gradual increase in the prices of the raw materials. During the period under review, Guangdong Fuliong, a wholly-owned subsidiary of the Group, cooperated with South China Agricultural University to focus on the commercialization of a series of technologies in relation to active fertilizers, including fertilizer synergists and the fertilizer activation technology, and successfully developed a new generation of high-end fertilizers represented by Zhilong active fertilizers, which had strong competitive edge in the market because they promoted the modification and effectiveness of traditional fertilizers, improved the utilization rate and efficiency of the fertilizers without increasing the consumption of the fertilizers, and protected the soil environment. Meanwhile, in terms of the marketing effort, the Group began to implement the foothold marketing model in the key regions nationwide with a view to fully exploiting the regional markets, exploring the market potentials of the sales territories and maximizing the sales volume. Through dispatching marketing teams to the local markets to carry out various in-depth and detailed operations for a long term, including brand promotion, product distribution and pre-sale, in-sale and after-sale services, the Company has been continuously consolidating and expanding its market share and has achieved satisfactory results.

Health care products

With the rapid growth in the economy in China and the unceasing progress of the society, as well as the improvement of the living standards and the change of the spectrum of disease, public awareness on healthcare is gradually enhanced,their needs for health care products are constantly increased, and they will gradually realize the economic meaning and sociological value of the development of the health care products industry. In daily life, people gradually begin to place emphasis on the cultivation of a good and health lifestyle through various methods and means, among which, health care products is a kind of product indispensible for the people to achieve holistic health. Health care products is gradually becoming a fast-selling product for the residents in China to maintain balanced diet, prevent diseases and improve their health. Statistics show that, the GDP per capita in China is growing from US$4,000 to US$8,000, and health care products has changed from an optional product into one of the necessities in life. In addition, under the background of the increased consumption level and the aging of the population in China, the development of the health care products industry in China will be further accelerated. In recent years, there are over 10,000 kinds of heath care products permitted for sale in China, and there are approximately 1,700 health care products manufacturers with an annual sales amount of more than RMB100 billion. Tianjin Alpha, a wholly-owned subsidiary of the Group, is the first-ever company specialized in the development of diabetic health care products in China, and also the only one that owns a total of 6 series of diabetic health care products approved by the Ministry of Health in China. In addition to the possession of certain series of health products for the diabetics to regulate blood sugar, Tianjin Alpha has successfully developed and launched into the market various series of sugar-free products that are beneficial to the health of human body, including beverages, cookies, cereal and mooncakes. During the period under review, Tianjin Alpha closely cooperated with Tianjin University of Science and Technology, and, by leveraging on their respective superior resources, they jointly underwent various cooperation projects and actively carried out the development of new health care products and the commercialization, and achieved satisfactory results. Some of such new products had been successively launched into the market. The predominant product of Tianjin Alpha had been included in the "Little Giant" program carried out by Tianjin Municipal Government for the support of science and technology projects and was recognized as a "national new product" by five ministries in China.

FINANCIAL REVIEW

Turnover, gross profit and gross margin

For the year ended 31 December 2012, the major businesses of the Group were biological compound fertilizer products and health care products, which in aggregate achieved annual sales of RMB677,640,122, representing an increase of 32.57% as compared to last year (31 December 2011: RMB511,150,674). In particular, the Group recorded an annual sales of RMB588,289,787 for compound fertilizer products, representing an increase of 43.14% as compared to last year (31 December 2011: RMB411,002,282); the Group recorded an annual sales of RMB89,350,335 for health care products, representing a decrease of 10.78% as compared to last year (31 December 2011: RMB100,148,392).

For the year ended 31 December 2012, the overall gross profit of the Group's two businesses was RMB136,336,433, representing an increase of 37.34% as compared to last year (31 December 2011: RMB99,268,305); the overall gross margin of the Group was 20.12%, representing an slight increase compared to last year (31 December 2011: the overall gross margin was 19.42%), mainly due to the contribution from the new generation of active fertilizers with higher profit margin that were successfully developed and launched into the market by the Group.

Other income and net losses

For the year ended 31 December 2012, other income and net losses of the Group was RMB198,365 (31 December 2011: other income and net gains RMB5,071,404).

Selling and distribution costs

For the year ended 31 December 2012, selling and distribution costs of the Group was RMB43,897,995, on the premise of an substantial increase of 32.57% in total turnover, representing only an increase of 10.18% as compared to last year (31 December 2011: RMB39,841,448); during the review period, selling and distribution costs accounted for 6.48% of the total turnover, representing a slight decrease as compared to last year (31 December 2011: selling and distribution costs accounted for 7.79% of the total turnover). The main reason is that the Group has taken a series of measures to control the selling expense, including forecasting the sales trend, formulating a complete budget plan, coordinating the use of resources on a centralized basis and minimizing the unnecessary expenses, in order to ensure the overall return of its investment.

Administrative expenses

For the year ended 31 December 2012, administrative expenses of the Group were RMB36,204,066 (31 December 2011: RMB27,014,853), accounting for 5.34% of the total turnover, representing an increase as compared to last year (31 December 2011: administrative expenses accounted for 5.28% of the total turnover). Against the backdrop of substantial increase of the total turnover, the increase of the Group's administrative expenses was mainly due to the increase in the labor cost, the rental of premises and the provision for the doubtful trade receivables.

Research and development expenses

For the year ended 31 December 2012, research and development expenses of the Group were RMB17,961,329, representing an increase of 48.85% as compared to last year (31 December 2011: RMB12,066,344). During the year, the research and development expenses of the Group was mainly related to Zhilong active fertilizers and new health products.

Finance costs

For the year ended 31 December 2012, finance costs of the Group were RMB7,146,800, representing an increase of 11.40% as compared to last year (31 December 2011: RMB6,415,263), mainly due to the fact that additional bank loans were required for the Group's operations and the interest on loans floated. The details are set in Note 4 to the accounts.

Profit for the year

For the year ended 31 December 2012, the profit attributable to the owner of the Company was RMB24,017,317, representing an increase of 66.59% as compared to last year (31 December 2011: RMB14,417,026), accounting for 3.54% of the total turnover (31 December 2011: the profit attributable to the owner of the Company accounted for 2.82% of the total sales); earnings per share of the Company were RMB1.69 cents compared to RMB1.02 cents of the same period of last year. During the year, the Group strengthened its budget control over expenses, and, through the active promotion of the new generation of active fertilizers with a higher profit margin in the market, the overall profitability of the Company was remarkably improved.

STRUCTURES OF SHARE CAPITAL

Structures of the Company's share capital as at 31 December 2012 were set out in Note 13 to the accounts.

SEGMENTAL INFORMATION

The Group principally operates in two business segments: (1) compound fertilizers products; and (2) health care products.

The results of the Group by segments for the year ended 31 December 2012 and the year ended 31 December 2011 are disclosed in Note 3 to the accounts.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During 2012, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2012, the Group's current assets and net current assets were RMB319,925,313 (31 December 2011: RMB220,902,956) and RMB100,579,152 (31 December 2011: RMB75,015,433) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 1.46 (31 December 2011: 1.51). The Group's current assets as at 31 December 2012 comprised mainly cash and bank balances of RMB23,345,651 (31 December 2011: RMB32,336,570), trade and bills receivables of RMB123,621,119 (31 December 2011: RMB56,081,170) and inventories of RMB98,208,640 (31 December 2011: RMB75,798,020).

As at 31 December 2012, the total bank borrowings of the Group amounted to RMB83,300,000 (31 December 2011: RMB93,500,000), and the total bills payable amounted to RMB32,000,000 (31 December 2011: RMB Nil). The bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed and variable interest rates ranging from 6.6% to 7.8% (31 December 2011: fixed rate 5.6% to 8.2%) per annum. Of the bank borrowings, a total amount of RMB32,500,000 will mature in the first half of 2013, a total amount of RMB50,800,000 will mature in the second half of 2013. The total bills payable RMB32,000,000 will mature in the first half of 2013.

As at 31 December 2012, the Group's consolidated total assets and net consolidated assets were about RMB421,975,521 (31 December 2011: RMB324,298,632) and RMB202,629,360 (31 December 2011: RMB178,411,109) respectively. The Group's consolidated gearing ratio, defined as the ratio of total liabilities to total assets, was 0.52 (31 December 2011: 0.45). As at 31 December 2012, the Group's gearing ratio, defined as the ratio of total bank borrowings to total assets, was 0.20 (31 December 2011: 0.29).

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2012, the Group and the Company had contingent liabilities amounting to RMB65,000,000 (31 December 2011: RMB43,000,000) and RMB25,000,000 (31 December 2011: RMB33,000,000) in connection with the provision of guarantee as security for bank loans granted to its subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group had 631 employees (2011: 715 employees). Remunerations of the Group's employees are determined in accordance with the terms of government policies and by reference to market level and the performance, qualifications and experience of employees. Discretionary bonuses are paid to few employees as recognition of and reward for their contribution to the corporate development. Other benefits include contributions to retirement schemes, medical schemes, unemployment insurance schemes and housing allowances.

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 POLICY

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

TEDA Biomedical has always adhered to the rationale of development that is centered on green, ecology and energy conservation with its market-oriented approach, while persistently developing and providing products and services which are contributed to the improvement of the health of mankind and ecological agriculture, and striving to develop into a specialized and large-scale enterprise with a leading position in China. Although the international economic situation is complicated and full of uncertainties and a slowdown of the global economic growth is expected, the economy in China, influenced by the measures already promulgated by the government to stabilize the economic growth, is expected to record a stable and moderate growth this year.

The No.1 Document promulgated in 2013 showed the emphasis put by the central government on the issues of "peasants, rural villages and agricultural industry" over ten consecutive years. One of the highlights of the No.1 Document in this year was the innovation in the production and operation systems of the agricultural industry. According to the document, the government encouraged the development of the major players, family-owned farms and agricultural cooperatives and proposed to put more efforts to build a new operation system with the combined features of intensity, specialization, regimentation and socialization for the agricultural industry, so as to accelerate the development of modern agriculture. The central government will continue to implement and improve the policies promulgated with a view to helping, benefiting and enriching the farmers, make constant and large investment in agricultural infrastructure, and arouse the enthusiasm of the farmers for growing grains, which will offer great opportunities for development of the fertilizer market. In 2013, Guangdong Fulilong has engaged Yuan Longping, a member of the Chinese Academy of Engineering and known as the "father of hybrid rice", as the chief scientist, and has also engaged Qing Xianguo, a researcher that enjoys the special allowance granted by the State Council and a renowned expert in rice cultivation in China, as the expert, to jointly accelerate the cultivation of superior technical talents and make greater efforts on the development of new types of fertilizers. In this brand new year, the Group will further enrich and optimize the foothold marketing system that involves technical communication, propaganda on agricultural industry, activity promotion and product distribution, make great efforts on the promotion of the new generation of superior fertilizer products represented by Zhilong active fertilizers, strive to establish itself as the best supplier of active fertilizers in China, and continuously improve the brand competitiveness in the agricultural market.

In its report titled "Encountering the Challenges in the 21st Century", the World Health Organisation stated that medical science in the 21st century should no longer treat diseases as its major field for research and set human health as its future direction instead. At present, the medical model is undergoing some tremendous changes, transferring itself from the sheer disease treatment to a model that combines disease prevention, health care, disease treatment and recovery. In recent years, people's health and quality of life have been threatened severely by various kinds of so-called "over-nutrition diseases" like obesity, diabetes and hypertension together with the prevalent sub-health phenomenon in modern society. Under such circumstances, health care products have become an important way for people to prevent diseases and to stay healthy. As China is a country with a long history of health care and maintenance, the demand of consumers for health care products has shown a continuous increase over the years. According to the "Twelfth Five-year Development Plan for the Food Industry" issued by China, by 2015, the output value of nutrition and health care products in the country will reach RMB1 trillion with year-on-year increase of 20%, and by then, there will be more than 10 enterprises with a revenue of over RMB10 billion derived from the sales of related products. Driven by the favorable policy initiatives, the healthcare products industry presents an immensely vigorous market as well as the boundless space for growth. In 2013, Tianjin Alpha, the controlling company of the Company, will cooperate closely with Tianjin University of Science & Technology and continue to develop new health care products that keep in line with the market. For the coming year, Tianjin Alpha will take advantage of the preferences for its products in the market to further strengthen and expand its healthcare products-related market network and channels; meanwhile, with the substantial support from the Management Committee for the Tianjin Economic and Technological Development District, the Group intends to take necessary measures to cope with the problems imposed by the limited production capacity of healthcare products.

There will always be fresh hopes in the new year. The Company's Board and Management believe that through the collaborated efforts of the Group's staff and by making continuous innovations and improvements, we will be able to make outstanding achievements in the fierce market.

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

As at 31 December 2012, 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:

	Number of shares held and nature of interests					Percentage
Directors/Supervisors/ Executive Officers	**Personal**	**Family**	**Corporate**	**Other**	**Total**	**of the issued share capital**
Mr. Zhang Chunsheng	–	2,415,000 (Note 1)	180,000,000 (Note 2)	–	182,415,000	12.85%

Note 1: Mr. Zhang Chunsheng is deemed to be interested in 2,415,000 H shares due to his wife's, Jin Ling, personal interest in such H shares.

Note 2: Such shares are held by Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment"), and Mr. Zhang Chunsheng is the beneficial owner of 100% interest in Xiangyong Investment. All the shares represent domestic shares.

Save as disclosed in this paragraph, as at 31 December 2012, 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 2012, 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:

Name of shareholders	Capacity	Number of ordinary shares	Percentage of the issued share capital
Tianjin TEDA International Incubator ("Incubator")	Beneficial owner	200,000,000 (Note)	14.08%
Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment")	Beneficial owner	180,000,000 (Note)	12.68%
Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers")	Beneficial owner	170,000,000 (Note)	11.97%
Dongguan Lvye Fertilizers Company Limited ("Lvye Fertilizers")	Beneficial owner	120,000,000 (Note)	8.45%

Note: All of the shares represent domestic shares.

Save as disclosed above, as at 31 December 2012, 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 or existed during the year.

COMPETING INTERESTS

During the year ended 31 December 2012, none of the Directors, the Supervisors, or the management shareholders and their respective associates (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules") of the Company 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 has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

SHARE OPTION SCHEME

Pursuant to the Company's share option scheme (the "Scheme") conditionally approved by a resolution of the shareholders of the Company dated 25 May 2002, the Company may grant options to the key full-time employees of the Group to subscribe H Shares in the Company subject to the terms and conditions stipulated therein. The Scheme remained in force for ten years and expired on 24 May 2012.

During the year ended 31 December 2012, none of the directors or supervisors or employees of the Company or other participants of the share option scheme of the Company were granted any option to subscribe for the H shares of the Company in the remaining period of validity of the scheme.

THE MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less than the required standard set out in the Model Code in Appendix 10 of the Listing Rules and the Directors of the Company confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

REMUNERATION COMMITTEE

The Company has established the remuneration committee in accordance with the Code. The remuneration committee is comprised of three members (each a "Member"), the majority of whom are independent non-executive Directors. The remuneration committee consists of the chairman Mr. Guan Tong, an independent non-executive Director, and two independent non-executive directors as the Members, namely Mr. Wu Chen and Mr. Xie Guangbei.

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. Guan Tong, Mr. Wu Chen and Mr. Cao Kai, among whom, Mr. Guan Tong has been appointed as the chairman of the committee due to his professional qualifications in accounting and auditing experience.

The audit committee had held four meetings during the current financial year, and it has also reviewed the audited annual results of the Group for the year ended 31 December 2012.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY AUDITOR

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2012 have been compared by the Group's auditors, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

DIRECTORS' SECURITIES TRANSACTIONS

For the year ended 31 December 2012, 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 of all Directors, the Directors of the Company have complied with such code of conduct and the required standard of dealings.

CORPORATE GOVERNANCE PRACTICES

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 Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited to the internal operations of the Group. The Directors are of the view that, the Company had complied with the provisions of the Code prior to revision as well as the revised provisions of the Code effective from 1 April 2012 during the period under review.

By order of the Board
Tianjin TEDA Biomedical Engineering Company Limited
Wang Shuxin
Chairman

Tianjin, the PRC
21 March 2013

As at the date of this announcement, the Board comprises of three executive Directors, being Mr. Wang Shuxin, Mr. Hao Zhihui and Mr. Zhang Chunsheng; three non-executive Directors, being Mr. Feng Enqing, Mr. Xie Guangbei and Mr. Ou Linfeng and two independent non-executive Directors, being Mr. Guan Tong and Mr. Wu Chen.

The announcement will remain on the GEM website at http://www.hkgem.com at the "Latest Company Announcements" page for 7 days from the date of its publication. This announcement will also be published and remains on the website of the Company at www.bioteda.com.