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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 2013

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.

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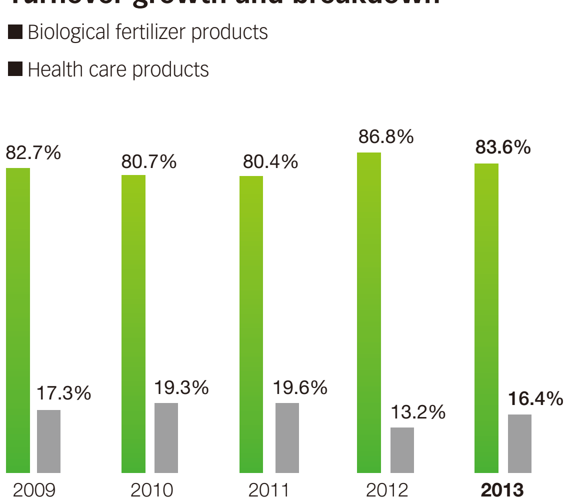
The information set out in this announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (the "Company") collectively and individually accept full responsibility, is given in compliance with the Rules Governing the Listing of Securities on EGM of the Exchange for the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

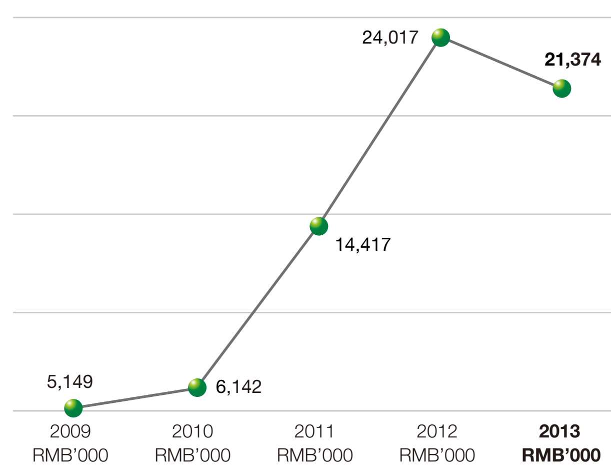
	For the year ended 31 December				
	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	**2013** **RMB'000**
Results					
Turnover	432,000	429,057	511,151	677,640	**583,112**
Gross profit	85,747	85,760	99,268	136,336	**130,585**
Gross margin	19.85%	19.99%	19.42%	20.12%	**22.39%**
Profit attributable to the shareholders	5,149	6,142	14,417	24,017	**21,374**
Earnings per share	0.46 cents	0.43 cents	1.02 cents	1.69 cents	**1.51 cents**

	For the year ended 31 December				
	2009 RMB'000	2010 RMB'000	2011 RMB'000	2012 RMB'000	**2013** **RMB'000**
Assets & Liabilities					
Total assets	309,136	309,073	324,299	421,976	**412,864**
Total liabilities	150,432	142,376	145,888	219,346	**188,093**
Equity attributable to the shareholders	134,919	141,061	156,039	180,056	**201,429**

Turnover growth and breakdown



Profit 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 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2013

	Notes	**2013 RMB**	2012 RMB
Turnover	2	**583,111,851**	677,640,122
Cost of sales		**(452,527,189)**	(541,303,689)
Gross profit		**130,584,662**	136,336,433
Other income and net losses		**(1,936,533)**	(198,365)
Selling and distribution costs		**(46,337,136)**	(43,897,995)
Administrative expenses		**(28,995,919)**	(36,204,066)
Research and development expenses		**(20,961,537)**	(17,961,329)
Finance costs	4	**(7,606,131)**	(7,146,800)
Profit before income tax expenses	4	**24,747,406**	30,927,878
Income tax expenses	5	**(2,605,800)**	(6,709,627)
Profit and total comprehensive income for the year		**22,141,606**	24,218,251
Attributable to:			
Owners of the Company		**21,373,605**	24,017,317
Non-controlling interests		**768,001**	200,934
		22,141,606	24,218,251
Earnings per share – Basic and diluted (RMB)	8	**1.51 cents**	1.69 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB	2012 RMB
Non-current assets			
Property, plant and equipment		**76,647,961**	81,863,801
Goodwill		**3,133,932**	3,133,932
Prepaid land lease payments		**8,619,037**	16,676,746
Prepayment and other receivables	10	**–**	375,729
Total non-current assets		**88,400,930**	102,050,208
Current assets			
Inventories		**109,138,521**	98,208,640
Trade and bills receivables	9	**111,878,457**	123,621,119
Prepayments and other receivables	10	**59,336,675**	55,037,803
Restricted bank deposits		**1,000,000**	16,712,100
Bank balances and cash		**43,108,953**	23,345,651
		324,462,606	316,925,313
Assets classified as held for sale		**–**	3,000,000
Total current assets		**324,462,606**	319,925,313
Total assets		**412,863,536**	421,975,521
Current liabilities			
Trade and bills payables	11	**55,406,552**	67,495,807
Other payables and accruals		**26,493,970**	60,879,122
Tax payable		**3,892,048**	7,671,232
Bank borrowings	12	**102,300,000**	83,300,000
Total current liabilities		**188,092,570**	219,346,161
Net current assets		**136,370,036**	100,579,152
Total assets less current liabilities		**224,770,966**	202,629,360
NET ASSETS		**224,770,966**	202,629,360
Capital and reserves attributable to owners of the Company			
Share capital	13	**142,000,000**	142,000,000
Reserves		**59,429,468**	38,055,863
Equity attributable to owners of the Company		**201,429,468**	180,055,863
Non-controlling interests		**23,341,498**	22,573,497
TOTAL EQUITY		**224,770,966**	202,629,360

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2013

	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 2012	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
Profit and total comprehensive income for the year	–	–	–	–	21,373,605	21,373,605	768,001	22,141,606
Transfer to reserve	–	–	2,226,398	–	(2,226,398)	–	–	–
Balance as at 31 December 2013	142,000,000	75,816,410	6,831,045	2,541,404	(25,759,391)	201,429,468	23,341,498	224,770,966

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 2013

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HKAS 19 (2011)	Employee Benefits
HK(IFRIC) – Interpretation 20	Stripping Costs of the Production Phase of a Surface Mine
Amendments to HKFRS 1	Government loans

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

HKFRSs (Amendments) – Annual Improvements 2009-2011 Cycle

HKAS 1 has been amended to clarify that an opening statement of financial position is required only when a retrospective application of an accounting policy, a retrospective restatement or reclassification has a material effect on the information presented in the opening position. Further, this opening statement of financial position does not have to be accompanied by comparative information in the related notes. This is consistent with the Group's existing accounting policy.

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 and those that may not. Tax on items of other comprehensive income is allocated and disclosed on the same basis.

The Group has adopted the amendments retrospectively and the adoption of the amendments has no impact on these financial statements as the Group has no other comprehensive income items for the financial year ended 31 December 2013.

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.

The adoption of the amendments has no impact on these financial statements as the Group has not offset financial instruments, nor has it entered into a master netting agreement or a similar arrangement.

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 accounting requirements in HKAS 27 (2008) on other consolidation related matters are carried forward unchanged. The Group has changed its accounting policy in determining whether it has control of an investee and therefore is required to consolidate that interest). The adoption does not change any of the control conclusion reached by the Group in respect of its involvement with other entities as at 1 January 2013.

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 12 disclosures are provided in the financial statements. As the new standard affects only disclosure, there is no effect on the Group's financial position and performance.

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 is applied prospectively.

HKFRS 13 did not materially affect any fair value measurements of the Group's assets and liabilities and therefore has no effect on the Group's financial position and performance. The standard requires additional disclosures about fair value measurements. Comparative disclosures have not been presented in accordance with the transitional provisions of the standard.

HKAS 19 (2011) – Employee Benefits

HKAS 19 (2011) abandons the corridor approach with the result that changes in defined benefit obligations and the fair value of plan assets are recognised in the period in which they occur. The revised standard requires the changes in the Group's net defined benefit liability (or asset) to be separated into three components: service cost (including current and past service cost and settlements) recognised in profit or loss; net interest on the net defined benefit liability recognised in profit or loss; and re-measurements of the defined benefit liability (or asset) recognised in other comprehensive income. The revised standard distinguishes between short-term and long-term employee benefits based on the expected date of settlement. The previous standard used the term "due to be settled". HKAS 19 (2011) provides additional guidance on the definition of termination benefits. Benefits that are conditional on future service being provided including those that increase if additional service is provided are not termination benefits. The revised standard requires that a liability for termination benefits is recognised on the earlier of the date when the entity can no longer withdraw the offer of those benefits and the date the entity recognises any related restructuring costs.

The Group has amended its accounting policies for short-term employee benefits and termination benefits, however the adoption of the revised standard has no effect on the Group's financial position or performance.

Amendments to HKFRS 1 – Government Loans

The amendments add an exception to the retrospective application of HKFRSs to require that first-time adopters apply the requirements in HKFRS 9 Financial Instruments and HKAS 20 Accounting for Government Grants and Disclosure of Governance Assistance prospectively to government loans existing at the date of transition to HKFRSs.

This means that first-time adopters will not recognise the corresponding benefit of the government loan at a below market rate of interest as a government grant. However, entities may choose to apply the requirements of HKFRS 9 and HKAS 20 to government loans retrospectively if the information needed to do so had been obtained at the time of initially accounting for that loan.

The adoption of the amendments has no impact on these financial statements because the Group is not a first-time adopter of HKFRS.

(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.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments – classification of financial assets and financial liabilities[4]
Amendments to HKFRS 9, HKFRS 7 and HKAS 39	Hedge Accounting[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[1]
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 36	Amendments to HKAS 36 – Recoverable Amount Disclosures[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK (IFRIC) 21	Levies[1]
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle[3]
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 July 2014

3 Effective for annual periods beginning, or transactions occurring, on or after 1 July 2014

4 No mandatory effective date yet determined but is available for adoption

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.

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.

Amendments to HKFRS 9, HKFRS 7 and HKAS 39 – Hedge Accounting

The amendments overhaul hedge accounting to allow entities to better reflect their risk management activities in financial statements. Changes included in HKFRS 9 to address the own credit risk issue on financial liabilities designated at fair value through profit or loss can be applied in isolation without the need to change any other accounting for financial instruments. The amendments also remove the 1 January 2015 effective date for HKFRS 9.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – Investment Entities

The amendments apply to a particular class of businesses that qualify as investment entities. An investment entity's business purpose is to invest funds solely for returns from capital appreciation, investment income or both. It evaluates the performance of its investments on a fair value basis. Investment entities could include private equity organisations, venture capital organisations, pension funds and investment funds.

The amendments provide an exception to the consolidation requirements in HKFRS 10 "Consolidated Financial Statements" and require investment entities to measure particular subsidiaries at fair value through profit or loss rather than to consolidate them. The amendments also set out the disclosure requirements for investment entities. The amendments are applied retrospectively subject to certain transitional provisions.

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

Amendments to HKAS 36 – Recoverable Amount Disclosures

The amendments limit the requirements to disclose the recoverable amount of an asset or cash generating unit (CGU) to those periods in which an impairment loss has been recognised or reversed, and expand the disclosures where the recoverable amount of impaired assets or CGUs has been determined based on fair value less costs of disposal.

Amendments to HKAS 39 – Novation of Derivatives and Continuation of Hedge Accounting

The amendments provide relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria.

HK (IFRIC) 21 – Levies

HK (IFRIC) 21 clarifies that an entity recognizes a liability to pay a levy imposed by government when the activity that triggers payment, as identified by the relevant legislation, occurs.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. Among them HKAS 16 "Property, Plant and Equipment" has been amended to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

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:

	2013	2012
	RMB	RMB
Fertiliser products	**487,506,072**	588,289,787
Health care products	**95,605,779**	89,350,335
	583,111,851	677,640,122

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

Inter-segment transactions are priced with reference to prices charged to extend parties for similar order.

(a) Segment revenue and results

For the year ended 31 December 2013

	Fertiliser products RMB	**Health care products RMB**	**Elimination RMB**	**Total RMB**
Revenue to external customers	**487,506,072**	**96,858,163**	**(1,252,384)**	**583,111,851**
Segment profit before income tax expenses	**17,930,096**	**6,817,310**	**–**	**24,747,406**

For the year ended 31 December 2012

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

(b) Segment assets and liabilities

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

	2013 RMB	2012 RMB
Segment assets		
Fertiliser products	**321,361,123**	333,025,184
Health care products	**91,477,326**	88,860,092
Segment assets	**412,838,449**	421,885,276
Unallocated	**25,087**	90,245
Consolidated total assets	**412,863,536**	421,975,521

The unallocated assets represented the corporate assets of the Company.

	2013 RMB	2012 RMB
Segment liabilities		
Fertiliser products	**165,770,286**	141,707,995
Health care products	**18,687,157**	74,158,297
Segment liabilities	**184,457,443**	215,866,292
Unallocated	**3,635,127**	3,479,869
Consolidated total liabilities	**188,092,570**	219,346,161

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 2013

	Fertilser products RMB	Health care products RMB	Total RMB
Interest income	**166,764**	**78,113**	**244,877**
Finance costs	**3,994,080**	**3,612,051**	**7,606,131**
Income tax expenses	**1,126,172**	**1,479,628**	**2,605,800**
Amortisation of prepaid land lease payments	**423,672**	**–**	**423,672**
Depreciation	**7,948,798**	**883,250**	**8,832,048**
Reversal of provision for bad debt of trade and other receivables	**(118,195)**	**(225,123)**	**(343,318)**
Provision for obsolete stock, net	**372,345**	**–**	**372,345**
Additions to non-current assets	**6,071,021**	**1,953,087**	**8,024,108**
Write-off of property, plant and equipment	**147,138**	**–**	**147,138**
Impairment losses on property, plant and equipment	**1,810,336**	**–**	**1,810,336**
(Gain)/loss on disposal of property, plant and equipment	**(220,488)**	**28,437**	**(192,051)**

For the year ended 31 December 2012

	Fertilser products RMB	Health care products RMB	Total RMB
Interest income	119,761	170,240	290,001
Finance costs	3,218,037	3,928,763	7,146,800
Income tax expenses	4,719,591	1,990,036	6,709,627
Amortisation of prepaid land lease payments	405,588	–	405,588
Depreciation	7,828,198	836,205	8,664,403
Provision for bad debt of trade and other receivables	2,920,951	926,969	3,847,920
Provision for obsolete stock, net	393,267	–	393,267
Additions to non-current assets	14,000,637	800,775	14,801,412
(Gain)/loss on disposal of property, plant and equipment	(35,475)	37,432	1,957

(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 2013 and 2012, 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

	Notes	**2013 RMB**	2012 RMB
Profit before income tax expenses is arrived after charging/(crediting):			
Finance costs			
Interest expense on bank borrowings wholly repayable within five years		**7,606,131**	7,146,800
Auditor's remuneration		**922,309**	880,000
Research and development expenses		**20,961,537**	17,961,329
Cost of inventories recognised as expense		**452,527,189**	541,303,689
Depreciation on property, plant and equipment		**8,832,048**	8,664,403
Amortisation of prepaid land lease payments		**423,672**	405,588
Allowance for/(reversal of) impairment losses on (net):			
– Trade receivables	9(b)	**50,828**	3,760,631
– Other receivables	10(a)	**(394,146)**	87,289
Operating lease rentals – land and buildings		**3,216,909**	3,620,144
Staff costs (including emoluments of directors and supervisors):			
– Salaries and allowances		**36,430,458**	45,361,927
– Pension fund contribution		**3,893,551**	3,063,616
		40,324,009	48,425,543

Note: Borrowing costs of approximately RMB180,000 attributable to qualifying assets have been capitalised with a capitalisation rate of 8.48% during the year ended 31 December 2013 (2012: Nil).

5. INCOME TAX EXPENSES

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

	2013 RMB	2012 RMB
Currrent tax – PRC		
– tax for the year	**4,663,002**	6,438,892
– (over)/under provision in respect of prior years	**(2,057,202)**	270,735
	2,605,800	6,709,627

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%, except for the following subsidiary.

Guangdong Fulilong Compound Fertilisers Co., Ltd. is recognised as a High and New-Tech enterprise according to the PRC tax regulations and is entitled to a preferential tax rate of 15% (2012: 15%).

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

	2013 **RMB**	2012 RMB
Profit before income tax expenses	**24,747,406**	30,927,878
Calculated at statutory rate of 25% (2012: 25%)	**6,186,851**	7,731,970
Tax effect of non-taxable items	**(109,972)**	(21,118)
Tax effect of expenses not deductible for taxation purposes	**292,539**	1,318,408
Utilisation of tax losses previously not recognised	**(152,759)**	(570,729)
Tax rate differential	**(1,553,657)**	(2,019,639)
(Over)/under provision in prior years	**(2,057,202)**	270,735
Income tax expenses	**2,605,800**	6,709,627

(b) Deferred taxation

At 31 December 2013, the Group and the Company have no unused tax losses (2012: RMB1,539,000 and RMB1,539,000) 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. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of a loss of RMB7,533,895 (2012: loss of RMB7,643,986).

7. DIVIDEND

No dividend has been paid or declared by the Company during the year (2012: 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 RMB21,373,605 (2012: RMB24,017,317), divided by the weighted average number of shares of 1,420,000,000 (2012: 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 2013 and 2012.

9. TRADE AND BILLS RECEIVABLES

	2013 RMB	2012 RMB
Trade receivables (Note (a))	**117,644,659**	130,105,865
Less: Allowance for doubtful debts (Note (c))	**(6,755,417)**	(7,684,746)
	110,889,242	122,421,119
Bills receivables	**989,215**	1,200,000
	111,878,457	123,621,119

Notes:

(a) The Group generally grants credit terms of 120 days to major customers and 90 days to other trade customers. As at 31 December 2013, no trade receivables was (2012: 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:

	2013 RMB	2012 RMB
Within 3 months	**64,763,567**	89,893,483
Between 3 to 6 months	**32,408,930**	25,465,635
Between 6 to 12 months	**13,468,575**	8,587,123
Over 1 year	**7,003,587**	6,159,624
	117,644,659	130,105,865

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

	2013 RMB	2012 RMB
At 1 January	**7,684,746**	3,924,115
Impairment loss recognised (Note 4)	**50,828**	3,760,631
Bad debt written off	**(980,157)**	–
At 31 December	**6,755,417**	7,684,746

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately RMB6.8 million (2012: RMB7.7 million) with a carrying amount before provision of RMB6.8 million (2012: RMB7.7 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:

	2013 RMB	2012 RMB
Within 3 months	**32,408,930**	25,465,635
Between 3 to 6 months	**13,468,575**	6,470,566
Between 6 to 12 months	**7,003,587**	1,085,228
	52,881,092	33,021,429

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

	2013 RMB	2012 RMB
NON-CURRENT		
Prepayments		
Prepaid promoting expenses	**–**	375,729
CURRENT		
Prepayments		
Prepaid promoting expenses	**375,725**	2,225,801
Advanced deposits to suppliers	**40,792,514**	46,053,910
Other prepayments	**614,509**	1,240,514
	41,782,748	49,520,225
Other receivables	**19,535,150**	7,892,947
Less: allowance for doubtful debts (Note a)	**(1,981,223)**	(2,375,369)
	17,553,927	5,517,578
	59,336,675	55,037,803

(a) Allowance for doubtful debts

	2013 RMB	2012 RMB
At 1 January	**2,375,369**	2,288,080
Allowance for impairment loss	**–**	87,289
Reversal of impairment loss	**(394,146)**	–
At 31 December	**1,981,223**	2,375,369

Other receivables are assessed to be impaired individually at each reporting date and impairment losses of the Group amounting to approximately RMB2.0 million (2012: RMB2.4 million) have been made as at 31 December 2013. 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

	2013 RMB	2012 RMB
Trade payables	**54,406,552**	35,495,807
Bills payables	**1,000,000**	32,000,000
	55,406,552	67,495,807

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:

	2013 RMB	2012 RMB
Within 3 months	**34,592,475**	59,316,245
Between 3 and 6 months	**6,954,715**	3,316,668
Between 6 and 12 months	**11,153,901**	2,499,909
Over 1 year	**2,705,461**	2,362,985
	55,406,552	67,495,807

12. BANK BORROWINGS

	2013 RMB	2012 RMB
Secured	**102,300,000**	83,300,000

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

Notes:

(i) In 2013, secured against property, plant and equipment, inventories and restricted deposits with a total carrying amount of about RMB66 million. Certain bank loans were also guaranteed by the Company, fellow subsidiary of the Group, a director of the Company and independent third parties.

In 2012, 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. Certain bank loans were guaranteed by the Company, a fellow subsidiary of the Group, a director of the Company and independent third parties.

(ii) The bank borrowings of the Group bear interest at fixed and floating effective interest rate ranging from 6.2% to 8.6% (2012: floating rate from 6.6% to 7.8%) per annum.

13. SHARE CAPITAL

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

	2013		2012	
	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 2013, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2012: 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.

The current year's profit of the Company was used for making up the accumulated losses from prior years and no surplus reserve was set up for the Company for the year ended 31 December 2013.

(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

Our nation is an agricultural country with high productivity and consumption of biological fertilizer. Since the industry is lowly-consolidated, the development of the industry is unbalanced and technical level is highly variable at this moment, the capability of providing professional services needs to be improved. Moreover, as the abusive application of fertilizers has worsened problems like soil compaction and environmental pollution, people placed more stringent requirements on the ecologically environmental aspect of compound fertilizer. The overall characteristics of our compound fertilizer market in 2013 are excessive over-capacity, downward prices, weak demand, keen competition and sluggish export. Since the prices of raw materials continued to decrease, the pressure on inventory levels of a number of enterprises was higher. In addition, the market demand decreased since natural disasters like floodings, droughts and pests impacted a number of regions around the nation in different extents. In face of the unfavorable market situation, during the period of review, Guangdong Fulilong, a wholly-owned subsidiary of the Company, adopted necessary contingency measures to cope with the challenges. First, to quickly respond to the calling of applying fertilizer in soil testing formula promoted by the Ministry of Agriculture of our nation. In order to accelerate the development of our nation's new type fertilizers towards the directions of high efficiency with low consumption, energy-saving and environmentally friendly, Guangdong Fulilong and Chinese Academy of Agricultural Sciences established 'Fulilong Working Station of Chinese Academy of Agricultural Sciences' Central Laboratory of Land-testing Formula Fertilizer' in collaboration with China Land Specialist Hospital to provide effective guarantee for smooth promotion of fertilizer in land-testing formula in Southern China. Second, to actively strengthen internal corporate management and control the production cost as well as different items of expenses, so as to guarantee that the impact on the group's profits is minimized if the sales volume of compound fertilizer decreases. Third, to continue the integration of sales channels and further improve the efficiency of those sales channels, so as to guarantee that the aforementioned sales channels are able to maintain their competitive advantages, whereas actively adjust the product structure and emphasizes on promoting Zhilong active fertilizers with higher gross profits.

Health care products

Nutrition and health care products are regarded as important components of the health industry. It is a livelihood industry and a genuine sunrise industry which economically advanced countries around the world generally placed emphasis on its development. In the "Twelfth Five-year Development Plan for the Food Industry" in our country, nutrition and health care products are regarded as a key developing item in the food production industry with a goal of expanding the market size with RMB1 trillion by the end of 2015. In 2013, nutrition and health care products of China has entered into an extremely typical development stage. On one hand, the regulation and supervision of the governmental regulatory departments was unprecedentedly strict; on the other hand, people's willingness on making consumption was unprecedentedly high and the pursuit of capital investment increased day by day. It is a fact that the rise of the health care product market in China is mainly contributed by the increasing health care awareness and the concern towards food safety among domestic consumers. During the period under review, Tianjin Alpha, a wholly-owned subsidiary of the Group, has leveraged on the advantages of its own brand in the PRC, put greater effort on improving the level of nutrition of its own health care products and beverages and focused on the idea of "health" in its promotion strategy. It has further enhanced the competitiveness in this industry of its sugar-free products, including low-glucose cookies, cereal for diabetes and calcium-rich milk powder as well as sugar-free beverages and sugar-free mooncakes.

FINANCIAL REVIEW

Turnover, gross profit and gross margin

For the year ended 31 December 2013, the major businesses of the Group were biological compound fertilizer products and medical and health products, which in aggregate achieved annual sales of RMB583,111,851, representing a decrease of 13.95% as compared to last year (31 December 2012: RMB677,640,122). In particular, the Group recorded an annual sales of RMB487,506,072 for compound fertilizer products, representing a decrease of 17.13% as compared to last year (31 December 2012: RMB588,289,787); the Group recorded an annual sales of RMB95,605,779 for health care products, representing an increase of 7.00% as compared to last year (31 December 2012: RMB89,350,335).

For the year ended 31 December 2013, the overall gross profit of the Group's two businesses was RMB130,584,662, representing a decrease of 4.22% as compared to last year (31 December 2012: RMB136,336,433); the overall gross margin of the Group was 22.39%, representing an increase compared to last year (31 December 2012: the overall gross margin was 20.12%). During the review period, the two Group's two businesses adopted the strategies of tightening production cost control and adjusting the prices of products in a timely manner according to the market changes and to further promote products with higher gross profit, as a result of which there was a significant improvement in the Group's overall gross margin.

Other income and net gains

For the year ended 31 December 2013, other income and net gains of the Group was RMB1,936,533 (31 December 2012: RMB198,365).

Selling and distribution costs

For the year ended 31 December 2013, selling and distribution costs of the Group was RMB46,337,136, representing an increase of 5.56% as compared to last year (31 December 2012: RMB43,897,995). Under the complex market environment, the Group adopted comprehensive measures to significantly expand and to reasonably develop the sales channels while strengthing brand promotion and the marketing campaigns of new products at the same time, as a result of which there was an increase in selling and distribution costs as compared to last year.

Administrative expenses

For the year ended 31 December 2013, administrative expenses of the Group were RMB28,995,919 (31 December 2012: RMB36,204,066), representing a decrease of 19.91% as compared to last year. During the year, the Group adopted various measures to efficiently control the administrative expenses, including the implementation of flat management system, reasonable adjustment of the managements' duties and efficient enhancement of human resources.

Research and development expenses

For the year ended 31 December 2013, research and development expenses of the Group were RMB20,961,537, representing an increase of 16.70% as compared to last year (31 December 2012: RMB17,961,329). During the year, the research and development of the Group mainly focused on Zhilong active fertilizers and new health care products as well as technology improvement.

Finance costs

For the year ended 31 December 2013, finance costs of the Group were RMB7,606,131, representing an increase of 6.43% as compared to last year (31 December 2012: RMB7,146,800), mainly due to the fact that additional bank loans were required for the Group's operations. The details are set out in Note 4 to the accounts.

Profits for the year

For the year ended 31 December 2013, the profit attributable to the owner of the Company was RMB21,373,605, representing a decrease of 11.01% as compared to last year (31 December 2012: RMB24,017,317); earnings per share of the Company were RMB1.51 cents compared to RMB1.69 cents of the same period of last year. During the review period, the Group minimized the impacts brought by the unfavorable market environment to the Group's profitability through enhancing the operational control capability and adopting strict cost control.

STRUCTURE OF SHARE CAPITAL

As at 31 December 2013, the structure of share capital of the Company is set out in Note 13 to the accounts.

PLACING

On 3 May 2013, the Board resolved to appoint China Merchants Securities (HK) Co., Ltd., as the placing agent in relation to a placing of not more than 192,500,000 H Shares (for itself and for Tianjin TEDA International Incubator) at a discount of not more than 15% of the average closing price of H Shares during the 5 consecutive trading days immediately prior to the date on which the placing price is agred (the "Placing"). The 192,500,000 H Shares represent approximately 13.56% and 27.30% respectively of the existing total issued share capital and the existing issued H Shares of the Company as at the date hereof. The Placing and a specific mandate to issue the placing shares were approved by the shareholders of the Company on 25 July 2013. The Placing is pending for the fulfillment of certain conditions precedent as disclosed on the circular of the Company dated 3 June 2013.

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 2013 and the year ended 31 December 2012 are disclosed in Note 3 to the accounts.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During 2013, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2013, the Group's current assets and net current assets were RMB324,462,606 (31 December 2012: RMB319,925,313) and RMB136,370,036 (31 December 2012: RMB100,579,152) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 1.73 (31 December 2012: 1.46). The Group's current assets as at 31 December 2013 comprised mainly cash and bank balances of RMB43,108,953 (31 December 2012: RMB23,345,651), trade and bills receivables of RMB111,878,457 (31 December 2012: RMB123,621,119) and inventories of RMB109,138,521 (31 December 2012: RMB98,208,640).

As at 31 December 2013, the total bank borrowings of the Group amounted to RMB102,300,000 (31 December 2012: RMB83,300,000), and the total bills payable amounted to RMB1,000,000 (31 December 2012: RMB32,000,000). The bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed and variable interest rates ranging from 6.2% to 8.6% (31 December 2012: fixed and variable rate 6.6% to 7.8%) per annum. Out of all the bank borrowings, a total amount of RMB43,500,000 will mature in the first half of 2014, a total amount of RMB58,800,000 will mature in the second half of 2014.

As at 31 December 2013, the Group's consolidated total assets and net assets were about RMB412,863,536 (31 December 2012: RMB421,975,521) and RMB224,770,966 (31 December 2012: RMB202,629,360) respectively. The Group's consolidated gearing ratio, defined as the ratio of total liabilities to total assets, was 0.46 (31 December 2012: 0.52). As at 31 December 2013, the Group's gearing ratio, defined as the ratio of total bank borrowings to total assets, was 0.25 (31 December 2012: 0.20).

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2013, the Group and the Company had contingent liabilities amounting to RMB65,000,000 (31 December 2012: RMB65,000,000) and RMB45,000,000 (31 December 2012: RMB25,000,000) respectively in connection with the provision of guarantee as security for bank loans granted to its subsidiaries.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2013, the Group had 560 employees (2012: 631 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 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 forward, there will be a trend of stabilizing international economy from the macro perspective and a downward pressure for local demand in 2014. The Group will strive for a steady growth and reduce operation cost progressively in order to maintain a healthy and stable growth.

Compound fertilizers are the basis of modern agricultural industry. With limited land resouces and decreasing cultivated land areas as well as an increasing population all around the world, compound fertilizers have gained prominence in agricultural industry. At a central economic work conference held on a December 2013 in Beijing, "ensure the nation's food security" has been given first priority in the nation's list of commitment for 2014. The central government put forward its strategy for enhancing food safety to national standard. Not only did the nation focus on food safety but it also proposed various sustainable development in a permanent, adaptative and environmentally-friendly manner. In view of overcapacity, serious product homogeneity, intense market competition, players in compound fertilizer industry are now competing their integrated strength including qualities, brands, capital, technologies and services. It is believed by the Company that brand promotion, system construction and product innovation are the keys to success in the market. Guangdong Fulilong Compound Fertilizers Co., Ltd, a wholly-owned subsidiary of the Company, entered into a strategic cooperation agreement with the Institute of Agricultural Resources and Regional Planning of Chinese Academy of Agricultural Sciences for the establishment of "Fulilong's laboratory for active fertilizer" under the technological centre of Chinese Academy of Agricultural Sciences (中國農業科學院). All parties endeavor to study the development of active fertilizers in the PRC and paved the way for growth with certain scale, low cost, high efficiency, environmentally friendly.

Following the rapid social and technological development, and the intensive changes in population structure and modern living style, people become eager to lead their lives in a healthy way. The healthy product industry of the PRC is growing rapidly and its market size is expanding continuously. In addition, healthy products keeps increasing in its significance in the nations's economy, in particular the healthy products industry, and has become a new impetus in motivating the economic development of the nation. According to forecast made by authoritative experts,subsequent to revolution in relation to industry, commerce and internet, there will be a new revolution brought forward by nutritious and healthy products. Today, the social economy in the PRC is in its historical stage of rapid transformation. Development of nutritious and healthy product industry is an effective means in the expansion of domestic demand and the control of rapid increase in chronic diseases. Following the continuous perfection of the laws and regulations of the PRC, the disorderly market competition will be much reduced under the raising entry barrier in the healthy product industry. Disqualified enterprises or products will then be eliminated from the market. The Group will capture this historical golden opportunity. In the future, it will consolidate its target markets of healthy products, re-optimize the product structure and increase the productivity. It will also actively cooperate with Tianjin University of Science and Technology (天津科技大學) to develop new healthy food for enhancement in the quality of the products. In addition, the Group will design and develop applicable electronic business platform for products, explore electronic sales channels, allocate usable resources scientifically and develop practical marketing portfolio as well as organize relevant implementation. Further, it will adjust its product price to a reasonable level with reference to any changes in cost and establish channels for marketing with a series of promotion campaigns be held for specific products. It is believed that all these help in realization of our business objectives set for healthy food.

To address the complicated and tough economic situation and market condition ahead, the Group will strengthen its internal management comprehensively, further enhance its operation control, adopt stringent measure to address challenges and realize sustainable development to achieve the best return for our Shareholders.

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

As at 31 December 2013, 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	Number of shares held and nature of interests: Personal	Family	Corporate	Other	Total	Percentage of the issued share capital
Mr. Zhang Chunsheng (Note 2)	–	2,415,000 (Note 1)	–	–	2,415,000	0.17%

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: Mr. Zhang Chunsheng resigned as an executive director and the chief executive officer of the Company on 3 July 2013.

Save as disclosed in this paragraph, as at 31 December 2013, 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 2013, 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	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 2013, 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 2013, none of the Directors, the Supervisors, or the management shareholders and their respective associates of the Company (as defined the GEM Listing Rule) 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

For the year ended 31 December 2013, the Company has no existing share option scheme.

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. Chan Kin Sang, 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 2013.

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 2013 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 TRANSACTION

For the year ended 31 December 2013, 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 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 except Code provision A. 2. 1 of the Code during the period under review.

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

Tianjin, the PRC
19 March 2014

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

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars 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 the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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 remain on the website of the Company at www.bioteda.com.