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 2011

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.

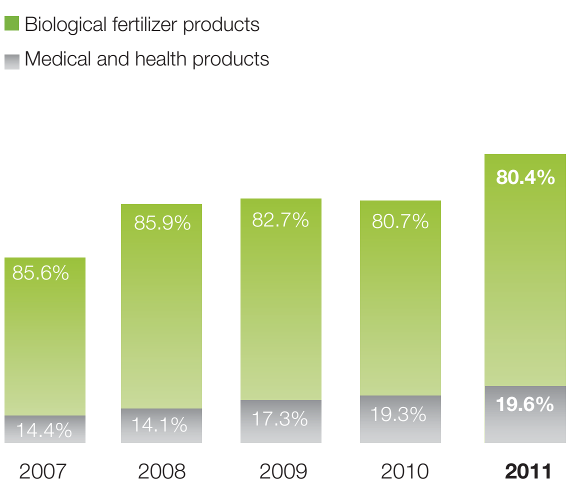
This announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

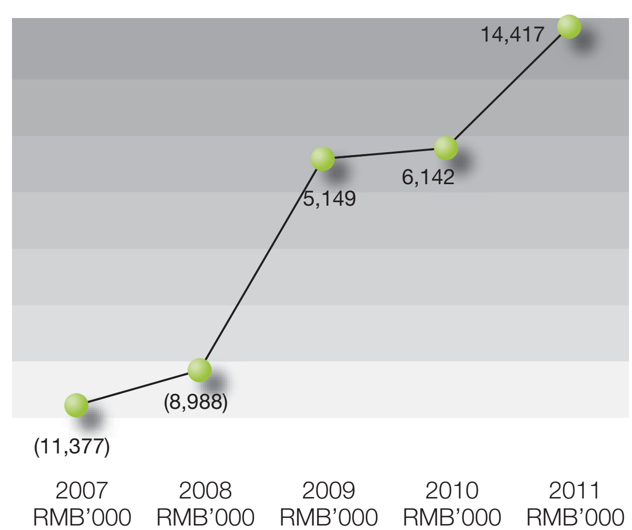
	For the year ended 31 December				
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000	**2011** **RMB'000**
Results					
Turnover	327,955	422,512	432,000	429,057	**511,151**
Gross profit	50,639	66,563	85,747	85,760	**99,268**
Gross margin	15.44%	15.75%	19.85%	19.99%	**19.42%**
Profit/(loss) attributable to the shareholders	(11,377)	(8,988)	5,149	6,142	**14,417**
Earnings/(loss) per share	(1.87) cents	(1.44) cents	0.46 cents	0.43 cents	**1.02 cents**

	For the year ended 31 December				
	2007 RMB'000	2008 RMB'000	2009 RMB'000	2010 RMB'000	**2011** **RMB'000**
Assets & Liabilities					
Total assets	325,601	309,551	309,136	309,073	**324,299**
Total liabilities	266,607	224,996	150,432	142,376	**145,888**
Equity attributable to the shareholders	57,031	81,823	134,919	141,061	**156,039**

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 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 31 December 2011

	Notes	**2011 RMB**	2010 RMB
Turnover	2	**511,150,674**	429,057,203
Cost of sales		**(411,882,369)**	(343,296,709)
Gross profit		**99,268,305**	85,760,494
Other income and net gains		**5,071,404**	1,895,443
Selling and distribution costs		**(39,841,448)**	(38,636,230)
Administrative expenses		**(27,014,853)**	(22,777,339)
Research and development expenses		**(12,066,344)**	(14,351,365)
Finance costs	3	**(6,415,263)**	(3,913,014)
Profit before income tax expenses	4	**19,001,801**	7,977,989
Income tax (expenses)/credit	5	**(2,688,300)**	15,261
Profit and total comprehensive income for the year		**16,313,501**	7,993,250
Attributable to:			
Owners of the Company		**14,417,026**	6,142,042
Non-controlling interests		**1,896,475**	1,851,208
		16,313,501	7,993,250
Earnings per share – Basic (RMB)	8	**1.02 cents**	0.43 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 RMB	2010 RMB
Non-current assets			
Property, plant and equipment		**80,077,920**	101,111,320
Goodwill		**3,133,932**	3,133,932
Available-for-sale financial assets		**3,000,000**	3,000,000
Prepaid land lease payments		**17,183,824**	11,778,436
Total non-current assets		**103,395,676**	119,023,688
Current assets			
Inventories		**75,798,020**	69,984,901
Trade and bills receivables	9	**56,081,170**	50,186,307
Prepayments and other receivables	10	**56,687,196**	17,914,668
Amount due from ultimate holding company		**–**	18,261
Restricted bank deposits		**–**	4,953,000
Bank balances and cash		**32,336,570**	46,992,433
Total current assets		**220,902,956**	190,049,570
Total assets		**324,298,632**	309,073,258
Current liabilities			
Trade and bills payables	11	**13,086,695**	35,804,644
Other payables and accruals		**37,157,536**	24,000,746
Tax payable		**2,143,292**	70,260
Bank borrowings	12	**93,500,000**	77,500,000
Total current liabilities		**145,887,523**	137,375,650
Net current assets		**75,015,433**	52,673,920
Total assets less current liabilities		**178,411,109**	171,697,608
Non-current liabilities			
Bank borrowings	12	**–**	5,000,000
NET ASSETS		**178,411,109**	166,697,608
Capital and reserves attributable to owners of the Company			
Share capital	13	**142,000,000**	142,000,000
Reserves		**14,038,546**	(939,429)
Equity attributable to owners of the Company		**156,038,546**	141,060,571
Non-controlling interests		**22,372,563**	25,637,037
TOTAL EQUITY		**178,411,109**	166,697,608

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 31 December 2011

	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 RMB	Attributable to owners of the Company RMB	Non-controlling of the interests RMB	Total RMB
Balance as at 1 January 2010	142,000,000	75,816,410	996,166	2,541,404	(86,435,451)	134,918,529	23,785,829	158,704,358
Profit and total comprehensive income for the year	–	–	–	–	6,142,042	6,142,042	1,851,208	7,993,250
Transfer to reserves	–	–	518,834	–	(518,834)	–	–	–
Balance as at 31 December 2010	142,000,000	75,816,410	1,515,000	2,541,404	(80,812,243)	141,060,571	25,637,037	166,697,608
Acquisition 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 reserves	–	–	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

(EXPRESSED IN RENMINBI UNLESS STATED OTHERWISE)

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

(a) Adoption of new/revised HKFRSs – Effective 1 January 2011

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
HKAS 24 (Revised)	Related Party Disclosures

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

HKFRS 3 (Amendments) – Business Combinations
As part of the Improvements to HKFRSs issued in 2010, HKFRS 3 has been amended to clarify that the option to measure non-controlling interests ("NCI") at either fair value or the NCI's proportionate share in the recognised amounts of the acquiree's identifiable net assets is limited to instruments that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation. Other components of NCI are measured at their acquisition date fair value unless another measurement basis is required by HKFRSs. The Group has amended its accounting policies for measuring NCI but the adoption of the amendment has had no impact on the Group's financial statements as there was no business combination transaction during the year.

HKAS 24 (Revised) – Related Party Disclosures
HKAS 24 (Revised) amends the definition of related party and clarifies its meaning. This may result in changes to those parties who are identified as being related parties of the reporting entity. The Group has reassessed the identification of its related parties in accordance with the revised definition and no material impact has been noted for comparative periods disclosure. The adoption of HKAS 24 (Revised) has no impact on the Group's reported profit or loss, total comprehensive income or equity for comparative period presented.

HKAS 24 (Revised) also introduces simplified disclosure requirements applicable to related party transactions where the Group and the counterparty are under the common control, joint control or significant influence of a government, government agency or similar body. The Group has reassessed the identification of its related parties in accordance with the revised definition.

(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 HKFRS 7	Disclosures – Transfers of Financial Assets[1]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[2]
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[5]
Amendments to HKFRS 7	Disclosures – Offsetting financial assets and financial liabilities[4]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 12	Disclosure of Interest in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
HKAS 19 (2011)	Employee Benefits[4]
HKAS 27 (2011)	Separate Financial Instruments[4]
HKAS 28 (2011)	Investments in Associates and Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2012
[3] Effective for annual periods beginning on or after 1 July 2012
[4] Effective for annual periods beginning on or after 1 January 2013
[5] Effective for annual periods beginning on or after 1 January 2014
[6] Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 7 – Disclosures – Transfers of Financial Assets
The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Amendments to HKAS 12 – Deferred Tax – Recovery of Underlying Assets
The amendments to HKAS 12 introduce a rebuttable presumption that an investment property is recovered 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. The amendments will be applied retrospectively.

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.

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 new or revised HKFRSs and the directors so far concluded that the application of these new or revised HKFRSs 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:

	2011	2010
	RMB	RMB
Fertiliser products	**411,002,282**	346,047,210
Health care products	**100,148,392**	83,009,993
	511,150,674	429,057,203

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

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) *Segment revenue and results*

For the year ended 31 December 2011

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

For the year ended 31 December 2010

	Health care Products RMB	Fertiliser products RMB	Elimination RMB	Total RMB
Sales to external customers	83,009,993	346,047,210	–	429,057,203
Inter-segment sales	39,830	15,790,847	(15,830,677)	–
Total	83,049,823	361,838,057	(15,830,677)	429,057,203
Segment profits before income tax expenses	2,098,029	5,879,960	–	7,977,989

(b) *Segment assets and liabilities*

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

	2011	2010
	RMB	RMB
Segment assets		
Health care products	**66,509,565**	65,329,944
Fertiliser products	**257,789,067**	243,725,053
Segment assets	**324,298,632**	309,054,997
Unallocated	**–**	18,261
Consolidated total assets	**324,298,632**	309,073,258

The unallocated assets represented the amount due from ultimate holding company.

	2011	2010
	RMB	RMB
Segment liabilities		
Health care products	**52,817,155**	50,289,368
Fertiliser products	**88,882,095**	88,397,024
Segment liabilities	**141,699,250**	138,686,392
Unallocated	**4,188,273**	3,689,258
Consolidated total liabilities	**145,887,523**	142,375,650

The unallocated liabilities represent the other payable for the Company.

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

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)**

For the year ended 31 December 2010

	Health care products RMB	Fertiliser products RMB	Total RMB
Interest income	33,562	214,232	247,794
Finance costs	1,401,275	2,511,739	3,913,014
Amortisation of prepaid land lease payments	–	320,437	320,437
Depreciation	1,169,276	7,988,590	9,157,866
Additions to non-current assets	635,461	8,308,271	8,943,732
Gain/(loss) on property, plant and equipment	88,979	(5,287)	83,692

(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 2011 and 2010, the revenue from the Group's largest customer amounted to less than 10 per cent of the Group's total revenue.

3. FINANCE COSTS

	2011 **RMB**	2010 RMB
Finance costs		
Interest expense on bank borrowings wholly repayable within five years	**6,415,263**	3,913,014

4. PROFIT BEFORE INCOME TAX EXPENSES

	Note	**2011** **RMB**	2010 RMB
Profit before income tax expenses is arrived after charging/(crediting):			
Finance costs			
Interest expense on bank borrowings wholly repayable within five years		**6,415,263**	3,913,014
Auditor's remuneration		**813,262**	841,100
Carrying amount of inventories sold			
Cost of inventories sold		**369,822,768**	307,121,554
Depreciation on property, plant and equipment		**9,957,652**	9,157,866
Amortisation of prepaid land lease payments		**304,101**	320,437
Allowance/(reversal) for impairment losses on:			
– Trade receivables	9(b)	**920,686**	529,249
– Other receivables	10(a)	**682,916**	38,169
(Gain)/loss on disposal of property, plant and equipment, net		**(4,671,584)**	83,692
Operating lease rentals – land and buildings		**2,880,968**	2,791,863
Staff costs (including emoluments of directors and supervisors):			
– Salaries and allowances		**32,585,101**	29,051,326
– Pension fund contribution		**2,243,672**	2,186,302
		34,828,773	31,237,628

5. INCOME TAX EXPENSES

(a) Enterprise income tax ("EIT")

In accordance with the new PRC Enterprise Income Tax Law which became effective from 1 January 2008, a unified enterprise income tax rate of 25% will be 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 2012. Accordingly, the Company can continue to enjoy the preferential tax rates during the transitional period and are subject to EIT rate of 24% for the year (2010: 22%).

Shandong Hidersun Fertiliser Industry Co., Ltd. ("Shandong Hidersun"), 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 2011 (2010: 12.5%).

On 16 December 2008, Guangdong Fulilong Compound Fertilisers Co., Ltd. was approved as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15% (2010: 15%) for the period from 16 December 2008 to 15 December 2011.

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% (2010: 15%) for the period from 8 June 2010 to 7 June 2012.

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

	2011	2010
	RMB	RMB
Profit before income tax expenses	**19,001,801**	7,977,989
Calculated at statutory rate of 25% (2010: 25%)	**4,750,450**	1,994,497
Tax effect of non-taxable items	**(229,146)**	(445,288)
Tax effect of expenses not deductible for taxation purposes	**1,144,915**	726,838
Utilisation of tax losses previously not recognised	**(1,922,923)**	(847,380)
Tax rate differential	**(1,214,282)**	(635,305)
Under/(over) provision in prior years	**159,286**	(808,623)
Income tax expenses/(credit)	**2,688,300**	(15,261)

(b) Deferred taxation

At 31 December 2011, the Group and the Company have unused tax losses of RMB3,822,000 and RMB3,822,000 respectively (2010: RMB9,348,000 and RMB9,348,000) 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. All unused tax losses will be expired after five years since their date of incurrence.

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 profit of RMB5,764,441 (2010: RMB2,497,444).

7. DIVIDEND

No dividend has been paid or declared by the Company during the year (2010: 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 RMB14,417,026 (2010: RMB6,142,042), divided by the weighted average number of shares of 1,420,000,000 (2010: 1,420,000,000) shares.

Diluted earnings per share is not presented as there are no dilutive potential ordinary shares outstanding during the years of 2011 and 2010.

9. TRADE AND BILLS RECEIVABLES

	Group	
	2011	2010
	RMB	RMB
Trade receivables (note (a))	**60,005,285**	54,529,101
Less: Allowance for doubtful debts (note (b))	**(3,924,115)**	(4,842,794)
	56,081,170	49,686,307
Bills receivables	**–**	500,000
	56,081,170	50,186,307

Notes:

(a) The Group generally grants credit terms of 120 days to major customers and 90 days to others trade customers. The following is an ageing analysis of trade receivables at the end of the reporting periods:

	Group	
	2011	2010
	RMB	RMB
Within 3 months	**41,067,899**	30,931,209
Between 3 to 6 months	**11,845,354**	13,668,315
Between 6 to 12 months	**3,935,240**	3,957,368
Over 1 year	**3,156,792**	5,972,209
	60,005,285	54,529,101

The Group has fully provided for all receivables that are past due beyond 2 years because historical experience is such that these receivables are generally not recoverable. Allowance on trade receivables between one year to two years are made based on estimated irrecoverable amounts by reference to past default experience and objective evidences of impairment determined by the difference between the carrying amount and the present value of the estimate future cash flow discounted at the original effective interest rate. In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the reporting date. The directors of the Company considered that the Group has no significant concentration of credit risk, with exposure has been spread over a number of counterparties and customers.

(b) The movements in allowance for doubtful debts during the year, including both specific and collective loss components, are as follows:

	Group	
	2011	2010
	RMB	RMB
At 1 January	**4,842,794**	5,306,975
Impairment loss recognised (Note 4)	**920,686**	529,249
Bad debt written off	**(1,839,365)**	(993,430)
At 31 December	**3,924,115**	4,842,794

(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:

	Group	
	2011	2010
	RMB	RMB
Within 3 months	**10,707,207**	11,450,923
Between 3 to 6 months	**1,539,126**	12,950,505
Between 6 to 12 months	**–**	1,937,143
Over 1 year	**–**	512,122
	12,246,333	26,850,693

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

	2011		2010	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
Other receivables	**15,069,966**	**3,008,352**	5,511,285	1,995,977
Less: allowance for doubtful debts (note a)	**(2,288,080)**	**(1,401,894)**	(1,918,617)	(1,492,004)
	12,781,886	**1,606,458**	3,592,668	503,973
Deposits and prepayments	**43,905,310**	**371,162**	14,322,000	206,173
	56,687,196	**1,977,620**	17,914,668	710,146

(a) Allowance for doubtful debts

	2011		2010	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
At 1 January	**1,918,617**	**1,492,004**	1,306,790	754,815
Additional allowance (Note 4)	**682,916**	**–**	38,169	(18,770)
(Recovery on)/uncollectible amounts written off	**(313,453)**	**(90,110)**	573,658	755,959
At 31 December	**2,288,080**	**1,401,894**	1,918,617	1,492,004

The Group has fully provided for all other receivables that are past due beyond 2 years because historical experience is such that these receivables are generally not recoverable.

Other receivables are assessed to be impaired individually at each reporting date and impairments losses of the Group and the Company amounting to RMB2,288,080 (2010: RMB1,918,617) and RMB1,401,894 (2010: RMB1,492,004) respectively have been made as at 31 December 2011. The individually impaired receivables are recognised based on the indication of financial difficulties and default in payments. Consequently, specific impairment provision was recognised. The Group does not hold any collateral over these balances. Other receivables, deposits and prepayments are non-interest bearing.

11. TRADE AND BILLS PAYABLES

	2011		2010	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
Trade payables	**13,086,695**	**26,918**	19,294,644	26,918
Bills payables	**–**	**–**	16,510,000	–
	13,086,695	**26,918**	35,804,644	26,918

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

	2011		2010	
	Group	**Company**	Group	Company
`	**RMB**	**RMB**	RMB	RMB
Within 3 months	**8,318,545**	**–**	30,653,797	–
Between 3 and 6 months	**1,989,570**	**–**	1,459,917	–
Between 6 and 12 months	**610,929**	**–**	3,021,015	–
Over 1 year	**2,167,651**	**26,918**	669,915	26,918
	13,086,695	**26,918**	35,804,644	26,918

12. BANK BORROWINGS

	2011 Group RMB	2011 Company RMB	2010 Group RMB	2010 Company RMB
Secured against property, plant and equipment and inventories (note (i))	**50,500,000**	**–**	40,500,000	–
Unsecured (note (ii))	**43,000,000**	**10,000,000**	42,000,000	8,000,000
	93,500,000	**10,000,000**	82,500,000	8,000,000

The bank borrowings based on the agreed terms of repayment granted by banks are as follows:

	2011 Group RMB	2011 Company RMB	2010 Group RMB	2010 Company RMB
On demand or within one year	**93,500,000**	**10,000,000**	77,500,000	8,000,000
After one year but within two years	**–**	**–**	5,000,000	–
	93,500,000	**10,000,000**	82,500,000	8,000,000

Notes:

(i) Secured against property, plant and equipment and inventories with a total carrying amount of about RMB106 million (2010: RMB92 million).

(ii) Unsecured loans are guaranteed as follows:

	2011 Group RMB	2011 Company RMB	2010 Group RMB	2010 Company RMB
Guarantees were provided by:				
– The Company	**33,000,000**	**–**	34,000,000	–
– Two subsidiaries of the Company	**–**	**–**	8,000,000	8,000,000
– Other (Note)	**10,000,000**	**10,000,000**	–	–
	43,000,000	**10,000,000**	42,000,000	8,000,000

Note: The loan was guaranteed by a Tianjin local governmental body to support the financing of PRC enterprises.

(iii) The bank borrowings of the Group bear interest at floating effective interest rate ranging from 5.6% to 8.5% (2010: fixed rate 5.3% to 7.0%) per annum.

13. SHARE CAPITAL

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

	2011		2010	
	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 Renminbi. 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 Renminbi. 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 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 2011, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2010: Nil).

14. RESERVES

The Company	Share premium RMB (note(i))	Capital reserve RMB (note(iii))	Accumulated losses RMB	Total RMB
At 1 January 2010				
Issue of shares	75,816,410	(2,312,483)	(86,956,195)	(13,452,268)
Profit and total comprehensive income for the year	–	–	2,497,444	2,497,444
At 31 December 2010	75,816,410	(2,312,483)	(84,458,751)	(10,954,824)
Profit and total comprehensive income for the year	–	–	5,764,441	5,764,441
At 31 December 2011	75,816,410	(2,312,483)	(78,694,310)	(5,190,383)

(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.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Biological compound fertilizer products

The year 2011 is the starting year of China's 12th Five-year Plan. Thanks to series of policies and measures that the central government has undertaken to actively cope with the international financial crisis and maintain stable and rapid economic development, industrial economy generally sustained a favorable momentum and continued to develop under the direction of macro control policy. With the strong support of local government and department, China's fertilizer industry has achieved remarkable results this year, which in turn brought significant contribution to China's rapid development of agriculture and the stable yield and the increasing income for the farmers. In the past year, under the background of global inflation, the price of international food and crude oil rose substantially while the price of various raw materials for the production of fertilizers also continuously increased and driven by the cost raise. Enterprises faced higher operational risk in the trend of increasing cost and sale price. In particular, national macro-control policies on restricting the liquidity has presented difficulties to the operations of small to medium enterprises while manufacturers and distributors have adopted prudent operation strategy of Fast in and Fast out. In addition, natural disasters, such as continuous drought in winter and spring in the winter wheat region in the north and six southern provinces of China and drought and flood in the Yangtze River Valley in 2011, have also had some adverse impacts on the fertilizer market. Faced with numerous unfavorable market factors, the Group has undertaken proactive measures to overcome challenges and after one-year struggle, the Group has achieved significant improvement in the operational results as compared with last year.

Health care products

As the impact of international financial crisis to the substantial economy, numerous industries were affected in different extent, however the health care products industry of China maintained a balanced momentum of growth. According to the speculation of Health Food Association of China, the market scale of China' health care products reached RMB100 billion in 2010, which has surpassed Japan and ranked the second in the world. However, the expenditure per capita on healthcare products in China is only 1/20 of that in America and 1/15 in Japan, reflecting the bright prospects and vast development potential of the healthcare products. The stimulus of national macroeconomic development and policy factors have promoted the release of market demand potential for health care products whereas the high return of the industry is also a major motivator for promoting stable development of health care products industry. Although there are over 1,600 enterprises which produce health care products with GMP accreditation, few can compete with multinational corporations. In the last year, confronted with the fierce market competition and such unfavorable factors as the increase in the price of raw materials and labor cost, the Group's health care products segment was capable of developing in a steady manner and by leveraging on the market influence of "Alpha" brand, the Group was capable of boosting the management efficiency as well as reducing the cost through the reasonable and orderly adjustments to the management and this rendered a significant improvement to the operational results of the Group's health care products industry.

FINANCE REVIEW

Operational results

Turnover, gross profit and gross margin

For the year ended 31 December 2011, the major businesses of the Group were biological compound fertilizer products and medical and health products, which in aggregate achieved an annual sales of RMB511,150,674, representing an increase of 19.13% as compared to last year(31 December 2010: RMB429,057,203). In particular, the Group recorded an annual sales of RMB411,002,282 for compound fertilizer products, representing an increase of 18.77% as compared to last year(31 December 2010: RMB346,047,210); the Group recorded an annual sales of RMB100,148,392 for health care products, representing an increase of 20.64% as compared to last year (31 December 2010: RMB83,009,993).

For the year ended 31 December 2011, the overall gross profit of the Group's two businesses was RMB99,268,305, representing an increase of 15.75% as compared to last year (31 December 2010: RMB85,760,494); the overall gross margin of the Group was 19.42%, representing a slight decrease compared to last year (31 December 2010: the overall gross margin was 19.99%), mainly due to the significant increase in the purchase price of raw materials and the labor cost for production in 2011.

Other income and net gains

For the year ended 31 December 2011, other income and net gains of the Group was RMB5,071,404, representing an increase of 167.55% as compared to last year (31 December 2010: RMB1,895,443), mainly due to the increase of realized profit from the disposal of the fixed assets of Guangdong Fulilong, a subsidiary company.

Selling and distribution costs

For the year ended 31 December 2011, selling and distribution costs of the Group was RMB39,841,448, on the premise of a substantial increase of 19.13% in total turnover, representing only an increase of 3.11% as compared to last year (31 December 2010: RMB38,636,230); during the review period, selling and distribution costs accounted for 7.79% of the total turnover, representing a slight decrease as compared to last year (31 December 2010: selling and distribution costs accounted for 9.00% of the total turnover). The main reason is that the Group, while endeavored to enlarge the market share of biological compound fertilizer products which in turn contribute to a significant increase in sales, has actively adjusted its market strategy and reasonably controlled the selling expense based on the market features of different regions with a view to ensuring the profitability of the Company.

Administrative expenses

For the year ended 31 December 2011, administrative expenses of the Group were RMB27,014,853 (31 December 2010: RMB22,777,339), accounting for 5.28% of the total turnover, almost in line with the level as compared to last year (31 December 2010: administrative expenses accounted for 5.30% 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 and the rental of premises.

Research and development fees

For the year ended 31 December 2011, research and development fees of the Group were RMB12,066,344, representing a decrease of 15.92% as compared to last year (31 December 2010: RMB14,351,365). During the review period, the research and development fee of the Group was mainly applied to the further improvement and trial production and new manufacturing techniques and new products developed.

Finance costs

For the year ended 31 December 2011, finance costs of the Group were RMB6,415,263, representing an increase of 63.94% as compared to last year (31 December 2010: RMB3,913,014), mainly due to the fact that Group has increased its bank loans and the interest rate on borrowings also increased.

Profit for the year

For the year ended 31 December 2011, the profit attributable to the owner of the Company was RMB14,417,026, representing an increase of 134.72% as compared to last year (31 December 2010: RMB6,142,042), accounting for 2.82% of the total turnover (31 December 2010: the profit attributable to the owner of the Company accounted for 1.43% of the total sales); earnings per share of the Company were RMB1.02 cents compared to RMB0.43 cents of same period of last year. During the review period, the Group strengthened its budget control over expenses, particularly that the Group has undertaken reasonable control over the selling expense which accounted for the largest proportion of the budget. Meanwhile the Group reasonably adjusted the R & D expenses according to the Group's R & D plan and raised the overall profitability of the Company through boosting market share and expanding the sales in the background of increasing labor cost per unit and the production cost.

STRUCTURES OF SHARE CAPITAL

As at 31 December 2011, structures of the Company's share capital 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 2011 and the year ended 31 December 2010 are disclosed in Note 2 to the accounts.

MAJOR ACQUISITIONS AND CONNECTED TRANSACTIONS

As disclosed in the announcement of the Company dated 17 June 2011, the Company entered into an acquisition agreement to acquire 25% equity interest in Tianjin Alpha Healthcare Products Co., Ltd. ("Alpha"), a subsidiary of the Company at the consideration of RMB4,600,000 (equivalent to approximately HK$5,540,000). The consideration was determined by the vendor and the Company after arm's length negotiation with reference to the asset valuation of RMB19,260,000 of Alpha.

The Company previously owned 75% equity interest in Alpha. As Alpha is at the stage of profit growth, upon completion of the acquisition, Alpha has become a wholly-owned subsidiary of the Company, and the Company is entitled to all of the profit generated by Alpha. The directors (including all the independent non-executive directors) consider that the terms of the acquisition agreement are fair and reasonable and in the interest of the Company and the shareholders as a whole.

DISPOSAL OF FIXED ASSETS

As disclosed in the announcement of the Company dated 8 November 2011, Guangdong Fulilong Compound Fertilizers Co., Ltd., a wholly owned subsidiary of the Company, as the vendor, and Wufang Economic Cooperation, Xiansha District, Gaobu Town, as the purchaser, entered into an agreement on 7 November 2011 for the sale and purchase of the fixed assets at an aggregate consideration of RMB18,535,200. Pursuant to the terms of the agreement, the disposal is scheduled to be completed within 90 business days from the date of the agreement. As the applicable percentage ratios (as defined in the GEM Listing Rules) of the disposal exceed 5% but are less than 25%, the disposal constitutes a discloseable transaction for the Company under the GEM Listing Rules.

On 25 June 1996, the vendor (as a transferee) and the purchaser (as a transferor) entered into an agreement for the sale and purchase of the land located at Wufang Anliangwei, Xiansha District, Gaobu Town, Dongguan City, Guangdong Province and the building thereon at an aggregate consideration of RMB4,176,800. The purchaser was under an obligation to obtain all necessary land use right certificates for the vendor for the purpose of perfecting the transfer of the legal titles of the land and the building. As the purchaser has failed to obtain the land use right certificate in respect of the land, and has therefore, failed to transfer the legal title of the land to the vendor. In light of the time lapsed for perfecting the transfer of the legal title of the land and the legal constraints countered by the vendor and the purchaser in completing the same, the vendor and the purchaser entered into the agreement, pursuant to which, the purchaser agreed to buy back the land and the building from the vendor at an aggregate consideration of RMB5,605,500 as compensation with reference to the valuation result of the land and the building. In addition, the purchaser also agreed to purchase the machineries at a consideration of RMB12,929,700, being the value of the machineries with reference to a valuation report. The total consideration of the sale and purchase of the fixed assets under the agreement is therefore RMB18,535,200. The consideration was arrived after arm's length negotiations between the vendor and the purchaser and by reference to the market value of similar properties in similar locations and the valuation of the machineries prepared by a professional valuer. The disposal is expected to realize a profit of approximately RMB4,161,996 based on the consideration of RMB18,535,200 minus the book value of the fixed assets of RMB14,373,204 as at 31 August 2011. The directors of the Company (including all the independent non-executive directors) are of the view that the terms of the agreement including the consideration are on normal commercial terms, and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During 2011, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2011, the Group's current assets and net current assets were about RMB220,902,956 (31 December 2010: RMB190,049,570) and RMB75,015,433 (31 December 2010: RMB52,673,920) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 1.51 (31 December 2010: 1.38). The Group's current assets as at 31 December 2011 comprised mainly cash and bank balances of RMB32,336,570 (31 December 2010: RMB46,992,433), trade receivables of RMB56,081,170 (31 December 2010: RMB50,186,307) and inventories of RMB75,798,020 (31 December 2010: RMB69,984,901).

As at 31 December 2011, the total bank borrowings of the Group amounted to RMB93,500,000 (31 December 2010: RMB82,500,000). The bank borrowings are denominated in Renminbi and provided by various licensed banks in China with variable interest rates ranging from 5.6% to 8.5% (31 December 2010: fixed rate 5.3% to 7.0%) per annum. Of the bank borrowings, a total amount of RMB60,500,000 will mature in the first half of 2012, a total amount of RMB33,000,000 will mature in the second half of 2012.

As at 31 December 2011, the Group's consolidated total assets and net consolidated assets were about RMB324,298,632 (31 December 2010: RMB309,073,258) and RMB178,411,109 (31 December 2010: RMB166,697,608) respectively. The Group's consolidated gearing ratio, defined as the ratio of total liabilities to total assets, was 0.45 (31 December 2010: 0.46). As at 31 December 2011, the Group's gearing ratio, defined as the ratio of total bank borrowings to total assets, was 0.29 (31 December 2010: 0.27).

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2011, the Company had contingent liabilities amounting to RMB33,000,000 (31 December 2010:RMB34,000,000) in connection with the provision of guarantee as security for bank loans granted to its subsidiaries.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2011, the Group had 715 employees (2010: 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

Looking ahead to 2012, on the premise of maintaining overall fundamental stability of China's macro economy, the pace of economic growth rate will slow down while the inflation will tend to become stable. Meanwhile, the sovereign debt crisis in Europe will be the dominating factor affecting international economic environment, which could probably pose new challenge to the long-term stability of China's economy due to the difficulties in the recovery of the substantial economy of developed countries in Europe and America.

Agriculture, a critical element to China's economy, and fertilizers, the basic raw materials of modernized agriculture and crucial materials for ensuring high and stable yields of agriculture, play a significant role in national economy and social development. While the incessant development of the fertilizer industry also contributes to China's industrialization and urbanization as well as to the growth of income and reduction of expenditures of farmers. "The development Guidelines for Petroleum and Chemical Industry under the 12th Five-Year Plan" published by China Petroleum and Chemical Industry Federation encourages the application of compound fertilizers, special fertilizers and slow/controlled-release fertilizers, biological fertilizers, fully water-soluble fertilizers, liquid fertilizers as well as the application of new type fertilizers produced by low grade phosphorite. The Central Committee of the State Council has long been attaching great importance to the development of agriculture and it is the ninth consecutive year that a focus on "three rural issues" is made in the Central No. 1 document published in 2012 while stronger emphases on agricultural technology has also been placed. The central government will continuously increase the expenditure for "three rural issues" to serve as a momentum to the growth in agricultural production, farmer's income and rural prosperity and also promote the success and development of the fertilizer market. Although we should not be optimistic towards the national macroeconomic environment in 2012 when the price of fertilizer raw materials is likely to stay at a high level, the fertilizer market will still be well supported by the rising food price in the global market as well as the price of domestic agriculture products. With the growing pace of modernization China's agricultural industry and the higher requirements on energy saving and emission reduction and environment protection, the scientific application of fertilizers, the improvement in the utilization of fertilizers and the minimization of environmental damage caused by fertilizers will become the center and direction of future development of fertilizer market.

In addition, from the global point perspective, health care products industry is a sunrise industry and one of the industries with fastest growth in the world trade. In recent years, the sales of global health care products increased by 13% per year. Health care products industry with the features of low pollution, high employment, high utilization of land, low consumption of energy and overall favorable economic returns, complies with the direction of the structural adjustments of the national and regional industries. With the income growth of the population and the wide spread of health care information and knowledge, the health consciousness and consumption concept of the public will continue to change. In the 5 to 10 years, the growth in the demand for health care products will be more distinctive. The common challenges that domestic health care products enterprises face in future will be how to integrate the edges in resources, persistently strengthen the core competitiveness of the corporation, maintain rapid growth, and compete with international giants. The rapid growth in the population of diabetics and the demand for health care products from the public will offer brilliant prospect for the market of health care products, such as blood sugar regulators and sugar-free products.

In 2012, the Group will further develop new products to meet the market demand and optimize the product mix based on the different characteristics of the two industries on top of the success divided in the operation results of last year. Meanwhile, the Group will integrate of marketing resources, structure a stable and effective marketing network, fully exploit the potentials of the sale of the market with our in-depth analysis, and improve the market management while help to attract clients through the enterprises with an aim to take the lead in the fierce market competition and maintain stronger competitive edges.

The Board of the Company believes that the Company will achieve better results and bring higher returns to the shareholders in 2012.

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

As at 31 December 2011, 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	–	2,415,000 (Note 1)	180,000,000 (Note 2)	–	182,415,000	12.85%
Mr. Xie Kehua	9,000,000 (Note 3)	–	–	–	9,000,000	0.63%

Note1: 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.

Note2: Such shares are held by Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment"), and Mr. Chang Chunsheng is the beneficial owner of 100% interest in Xiangyong Investment. All the shares represent domestic shares.

Note3: Mr. Xie Kehua is personally interested in 9,000,000 domestic shares. Mr. Xie Kehua has resigned as an executive director on 10 June 2011.

Save as disclosed in this paragraph, as at 31 December 2011, 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 2011, 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 RMB0.10 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 2011, 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 2011, 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 full-time key employees of the Group to subscribe H Shares in the Company subjected to the terms and conditions stipulated therein. The Scheme is conditional on (i) the China Securities Regulatory Commission or other relevant government authorities in China granting approval of the Scheme and any options which may be granted thereunder and the issuing of the new shares upon an exercise of the options granted under the Scheme; and (ii) the GEM Listing committee of the Stock Exchange granting approval of the Scheme and any options which may be granted thereunder and the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of options granted under 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.

NOMINATION AND REMUNERATION COMMITTEE

The Company has established a remuneration committee and a nomination committee with written terms of reference in compliance with the Code. The Nomination and Remuneration Committee comprises Mr. Xie Guangbei (謝光北), a non-executive Director, Mr. Guan Tong and Mr. Wu Chen, both independent non-executive Directors, with Mr. Xie Guangbei (謝光北) as the chairman of the Nomination and Remuneration Committee.

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 2011.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the directors. All directors confirmed that they complied with the required standards as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules throughout the year.

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 GEM Listing Rules to the internal operations of the Group. Except the deviation disclosed in this announcement, in the opinion of the Directors, the Company has complied with the Code during the period under review.

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

Tianjin, the PRC
8 March 2012

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 three independent non-executive Directors, being Mr. Cao Kai, Mr. Wu Chen and Mr. Guan Tong.

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.