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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 2015

Characteristics of the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Exchange")

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

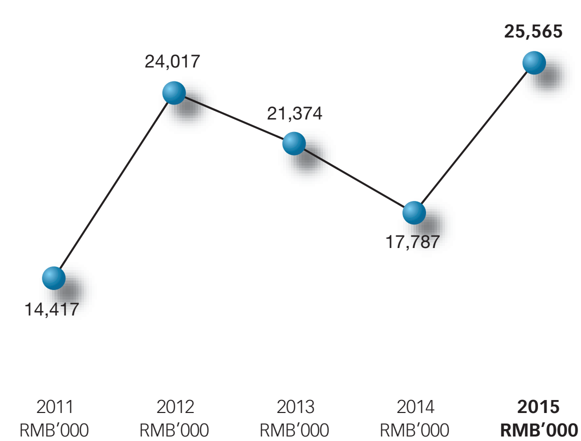
FINANCIAL HIGHLIGHTS

	For the year ended 31 December				
	2011	2012	2013	2014*	**2015***
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Results					
Turnover	511,151	677,640	583,112	470,267	**501,590**
Gross profit	99,268	136,336	130,585	78,712	**96,721**
Gross margin	19.42%	20.12%	22.39%	16.74%	**19.28%**
Profit or loss attributable to the shareholders	14,417	24,017	21,374	17,787	**25,565**
Earnings per share	1.02 cents	1.69 cents	1.51 cents	1.46 cents	**1.76 cents**

* The amounts represent the group's continuing operations, please refer to the Notes to the Consolidated Financial Statements for details.

	For the year ended 31 December				
	2011	2012	2013	2014	**2015**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Assets & Liabilities					
Total assets	324,299	421,976	412,864	432,622	**458,505**
Total liabilities	145,888	219,346	188,093	188,924	**114,072**
Equity attributable to the shareholders	156,039	180,056	201,429	198,021	**319,937**

Profit or 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 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** **RMB**	2014 RMB (Re-presented)
Continuing operation			
Revenue	2	**501,589,528**	470,267,081
Cost of sales		**(404,868,747)**	(391,555,071)
Gross profit		**96,720,781**	78,712,010
Other income and net losses		**(350,981)**	(588,850)
Selling and distribution costs		**(23,514,871)**	(19,304,116)
Administrative expenses		**(21,507,630)**	(17,887,372)
Research and development expenses		**(15,416,009)**	(7,219,908)
Finance costs	4	**(4,657,425)**	(4,171,557)
Gain on deemed disposal of an associate		**686,067**	–
Share of loss of an associate		**(10,870)**	–
Profit before income tax expense	4	**31,949,062**	29,540,207
Income tax expense	5	**(4,502,496)**	(7,966,657)
Profit for the year from continuing operation		**27,446,566**	21,573,550
Discontinued operation			
Loss for the year from discontinued operation		**(4,496,403)**	(2,614,497)
Profit and total comprehensive income for the year		**22,950,163**	18,959,053
Attributable to:			
Owners of the Company			
– Profit for the year from continuing operation		**27,164,413**	20,700,518
– Loss for the year from discontinued operation		**(1,599,901)**	(2,913,090)
Profit for the year attributable to owners of the Company		**25,564,512**	17,787,428
Non-controlling interests			
– Profit for the year from continuing operation		**282,153**	873,032
– (Loss)/profit for the year from discontinued operation		**(2,896,502)**	298,593
(Loss)/profit for the year attributable to non-controlling interests		**(2,614,349)**	1,171,625
		22,950,163	18,959,053
Earnings per share	7		
From continuing and discontinued operation			
– Basic and diluted		**1.66**	1.25
From continuing operation			
– Basic and diluted		**1.76**	1.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 RMB	2014 RMB
Non-current assets			
Property, plant and equipment		**70,715,068**	96,371,284
Goodwill		**–**	3,133,932
Interest in an associate		**20,675,197**	–
Prepaid land lease payments		**8,233,355**	8,423,182
Total non-current assets		**99,623,620**	107,928,398
Current assets			
Inventories		**90,377,523**	138,376,713
Trade and bills receivables	8	**78,395,214**	103,319,636
Prepayments and other receivables	9	**79,562,058**	34,613,281
Amount due from an associate		**4,909,468**	–
Bank balances and cash		**105,637,380**	48,383,977
Total current assets		**358,881,643**	324,693,607
Total assets		**458,505,263**	432,622,005
Current liabilities			
Trade payables	10	**24,747,935**	39,926,921
Other payables and accruals		**17,472,089**	31,932,275
Financial liabilities		**24,145,000**	22,439,591
Current tax liabilities		**2,706,598**	7,325,602
Bank borrowings	11	**45,000,000**	87,300,000
Total current liabilities		**114,071,622**	188,924,389
Net current assets		**244,810,021**	135,769,218
Total assets less current liabilities		**344,433,641**	243,697,616
NET ASSETS		**344,433,641**	243,697,616
Capital and reserves attributable to owners of the Company			
Share capital	12	**159,500,000**	142,000,000
Reserves		**160,436,958**	56,020,985
Equity attributable to owners of the Company		**319,936,958**	198,020,985
Non-controlling interests		**24,496,683**	45,676,631
TOTAL EQUITY		**344,433,641**	243,697,616

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital Note 12 RMB	Share premium Note 13(i) RMB	Surplus reserve Note 13(ii) RMB	Capital reserve Note 13(iii) RMB	Other reserve Note 13(v) RMB	Accumulated losses Note 13(iv) RMB	Attributable to owners of the Company RMB	Non-controlling interests RMB	Total RMB
Balance as at 1 January 2014	142,000,000	75,816,410	6,831,045	2,541,404	–	(25,759,391)	201,429,468	23,341,498	224,770,966
Profit and total comprehensive income for the year	–	–	–	–	–	17,787,428	17,787,428	1,171,625	18,959,053
Written put option over non controlling interests	–	–	–	–	(22,032,403)	–	(22,032,403)	–	(22,032,403)
Change in ownership in interests in subsidiaries without change of control	–	–	–	–	–	836,492	836,492	21,163,508	22,000,000
Balance as at 31 December 2014	142,000,000	75,816,410	6,831,045	2,541,404	(22,032,403)	(7,135,471)	198,020,985	45,676,631	243,697,616
Profit and total comprehensive income for the year	–	–	–	–	–	25,564,512	25,564,512	(2,614,349)	22,950,163
Deemed disposal of interests in a subsidiary	–	–	(3,113,349)	–	–	3,113,349	–	(18,565,599)	(18,565,599)
Issue of new shares	17,500,000	78,851,461	–	–	–	–	96,351,461	–	96,351,461
Balance as at 31 December 2015	159,500,000	154,667,871	3,717,696	2,541,404	(22,032,403)	21,542,390	319,936,958	24,496,683	344,433,641

(Expressed in Renminbi Unless Stated Otherwise)

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

(a) Adoption of new/revised HKFRSs – Effective 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

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. They include amendments to HKAS 16 Property, Plant and Equipment 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 adoption of the amendments to HKAS16 has no impact on these financial statements as the Group did not make any revaluation of its property, plant and equipment.

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.

The adoption of the amendments has no impact on these financial statements as the Group has no defined benefit plans.

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

The following new and revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[1]
HKFRS 9 (2014)	Financial Instruments[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for annual periods beginning on or after a date to be determined

2. REVENUE

Revenue, 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:

	2015	2014
	RMB	RMB
		(Re-presented)
Continuing operation		
Fertiliser products	**501,589,528**	470,267,081
Discontinued operation		
Health care products	**57,449,705**	81,774,292
	559,039,233	552,041,373

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:

Continuing operation

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

Discontinued operation

- Health care products – Manufacturing and sale of health care products

(a) Segment revenue and results

For the year ended 31 December 2015

	Continuing Operation Fertiliser products RMB	**Discontinued Operation Health care products RMB**	**Total RMB**
Revenue to external customers	**501,589,528**	**57,449,705**	**559,039,233**
Segment profit/(loss) before income tax expense	**31,949,062**	**(4,496,403)**	**27,452,659**

For the year ended 31 December 2014

	Continuing Operation Fertiliser products RMB	Discontinued Operation Health care products RMB	Total RMB
Revenue to external customers	470,267,081	81,774,292	552,041,373
Segment profit/(loss) before income tax expense	29,540,207	(2,754,958)	26,785,249

(b) Segment assets and liabilities

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

	2015	2014
	RMB	RMB
Segment assets		
Fertiliser products (Continuing operation)	**457,480,104**	324,583,756
Health care products (Discontinued operation)	**–**	107,013,162
Segment assets	**457,480,104**	431,596,918
Unallocated	**1,025,159**	1,025,087
Consolidated total assets	**458,505,263**	432,622,005

The unallocated assets represented the corporate assets of the Company.

	2015	2014
	RMB	RMB
Segment liabilities		
Fertiliser products (Continuing operation)	**109,435,450**	83,259,926
Health care products (Discontinued operation)	**–**	78,764,979
Segment liabilities	**109,435,450**	162,024,905
Unallocated	**4,636,172**	26,899,484
Consolidated total liabilities	**114,071,622**	188,924,389

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 2015

	Continuing Operation Fertiliser products RMB	Discontinued Operation Health care products RMB	Total RMB
Interest income	**251,426**	**10,977**	**262,403**
Finance costs	**2,952,016**	**2,202,083**	**5,154,099**
Income tax expense	**4,502,496**	**–**	**4,502,496**
Amortisation of prepaid land lease payments	**189,827**	**–**	**189,827**
Depreciation	**8,203,299**	**2,444,284**	**10,647,583**
Provision for/(reversal of) bad debt of trade and other receivables, net	**293,855**	**(511,068)**	**(217,213)**
Provision for obsolete stock, net	**426,839**	**–**	**426,839**
Additions to non-current assets	**7,591,956**	**1,178,832**	**8,770,788**
Gain/(loss) on disposal of property, plant and equipment	**301,876**	**(256,789)**	**45,087**

For the year ended 31 December 2014

	Continuing Operation Fertiliser Products RMB	Discontinued Operation Health care products RMB	Total RMB
Interest income	24,636	23,486	48,122
Finance costs	3,571,536	4,561,521	8,133,057
Income tax expense	4,492,880	3,333,316	7,826,196
Amortisation of prepaid land lease payments	189,827	–	189,827
Depreciation	7,753,789	1,453,097	9,206,886
(Reversal of)/provision for bad debt of trade and other receivables	(868,075)	2,050,404	1,182,329
Provision for obsolete stock, net	258,158	–	258,158
Additions to non-current assets	6,213,948	22,961,747	29,175,695
Gain on disposal of property, plant and equipment	141,990	6,227	148,217

(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 2015 and 2014, 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 EXPENSE

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

	2015 RMB	2014 RMB (Re-presented)
Continuing operations		
Finance costs		
Interest expense on bank borrowings	**2,952,016**	3,764,369
Interest expense on financial liabilities	**1,705,409**	407,188
	4,657,425	**4,171,557**
Auditor's remuneration	**1,131,736**	1,266,485
Research and development expenses	**15,416,009**	7,219,908
Cost of inventories recognised as expense	**404,868,747**	391,555,071
Depreciation on property, plant and equipment	**8,203,299**	7,753,789
Amortisation of prepaid land lease payments	**189,827**	189,827
Allowance for/(reversal of) impairment losses on (net):		
– Trade receivables	**146,785**	(1,032,841)
– Other receivables	**147,070**	164,766
Operating lease rentals:		
– land and buildings	**1,056,965**	1,105,257
– equipment	**570,940**	600,000
Employee costs (including emoluments of directors and supervisors):		
– Salaries and allowances	**22,468,667**	23,016,039
– Pension fund contribution	**2,641,085**	2,378,843
	25,109,752	25,394,882

Note: No borrowing costs attributable to qualifying assets have been capitalised during the year ended 31 December 2015.

During the year ended 31 December 2014, borrowing costs of approximately RMB30,000 attributable to qualifying assets have been capitalised with a capitalisation rate of 7.37%.

5. INCOME TAX EXPENSE

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

	2015	2014
	RMB	RMB
		(Re-presented)
Continuing operation		
Current tax		
– tax for the year	**4,579,994**	8,042,637
– over provision in respect of prior years	**(77,498)**	(75,980)
	4,502,496	7,966,657
Discontinued operation		
Current tax		
– tax for the year	**–**	–
– over provision in respect of prior years	**–**	(140,461)
	–	(140,461)
	4,502,496	7,826,196

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% (2014:25%), except for the following companies.

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% (2014:15%).

During the year ended 31 December 2015, Tianjin Alpha HealthCare Products 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%. (2014:25%)

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

	2015	2014
	RMB	RMB
		(Re-presented)
Profit before income tax expense		
Continuing operations	**31,949,062**	29,540,207
Discontinued operations	**(4,496,403)**	(2,754,958)
	27,452,659	26,785,249
Calculated at statutory rate of 25% (2014: 25%)	**6,863,165**	6,696,312
Tax effect of share of loss of an associate	**2,718**	–
Tax effect of non-taxable items	**(689,346)**	(169,150)
Tax effect of expenses not deductible for taxation purposes	**234,470**	857,597
Tax effect on unused tax losses not recognised	**1,675,359**	–
Tax rate differential and preferential tax treatment	**(3,765,109)**	(3,205,479)
Tax effect on partial disposal of a subsidiary	**–**	3,473,777
Over provision in prior years	**(77,498)**	(216,441)
Others	**258,737**	389,580
Income tax expense	**4,502,496**	7,826,196

(b) Deferred taxation

At 31 December 2015, the Group has unused tax losses of RMB2.8 million (2014: Nil) that are available for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

6. DIVIDEND

No dividend has been paid nor declared by the Company during the year (2014: Nil).

7. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:–

	2015	2014
	RMB	RMB
		(Re-presented)
Profit from continuing and discontinued operations		
Earnings for the purpose of basic and diluted earnings per share	**25,564,512**	17,787,428
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,542,260,274**	1,420,000,000

From continuing operation

The calculation of the basic and diluted earnings per share from continuing operation attributable to the owners of the Company is based on the following data:

	2015	2014
	RMB	RMB
		(Re-presented)
Profit for the year attributable to owners of the Company	**25,564,512**	17,787,428
Add: Loss for the year from discontinued operation	**1,599,901**	2,913,090
Earnings for the purpose of basic and diluted earnings per share from continuing operation	**27,164,413**	20,700,518
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	**1,542,260,274**	1,420,000,000

From discontinued operations

Basic and diluted loss per share for the discontinued operation is 0.10 cents per share (2014: 0.21 cents per share), based on the loss for the year from the discontinued operations of RMB1,599,901 (2014: RMB2,913,090) and the denominators detailed above for both basic and diluted losses per share.

8. TRADE AND BILLS RECEIVABLES

	2015 RMB	2014 RMB
Trade receivables (Note (a))	**82,781,758**	109,538,931
Less: Allowance for doubtful debts (Note (b))	**(4,386,544)**	(7,075,103)
	78,395,214	102,463,828
Bills receivables	**–**	855,808
	78,395,214	103,319,636

Notes:

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

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

	2015 RMB	2014 RMB
Within 3 months	**37,060,619**	62,381,362
More than 3 to 6 months	**27,145,048**	22,478,476
More than 6 to 12 months	**11,519,209**	13,111,843
Over 1 year	**7,056,882**	11,567,250
	82,781,758	109,538,931

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

	2015 RMB	2014 RMB
At 1 January	**7,075,103**	6,755,417
Allowance for impairment loss recognised, net (Note 4)	**146,785**	1,067,363
Bad debt written off	**–**	(747,677)
Eliminated on deemed disposal of a subsidiary	**(2,835,344)**	–
At 31 December	**4,386,544**	7,075,103

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of approximately RMB4.4 million (2014: RMB7.1 million) with a carrying amount before provision of RMB4.4 million (2014: RMB11.4 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:

	2015	2014
	RMB	RMB
Within 3 months	**20,016,567**	17,170,958
More than 3 to 6 months	**5,759,604**	6,555,921
More than 6 to 12 months	**4,971,934**	8,862,761
	30,748,105	32,589,640

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

9. PREPAYMENTS AND OTHER RECEIVABLES

	2015	2014
	RMB	RMB
Prepayments		
Advanced deposits to suppliers	**64,391,495**	20,615,671
Other prepayments	**543,928**	635,893
	64,935,423	21,251,564
Other receivables (i)	**16,869,894**	15,457,906
Less: allowance for doubtful debts (ii)	**(2,243,259)**	(2,096,189)
	14,626,635	13,361,717
	79,562,058	34,613,281

Note

(i) In October 2013, the Group started legal proceeding against a lessor and its associates for failure to assist the Group in applying for relevant certificate for a deposit of acquiring prepaid land lease with carrying value of approximately RMB7.9 million in a reasonable time frame. During the year ended 31 December 2015, the proceeding has still been ongoing and the Company obtained legal advice in respect of the merits of the case and the directors of the Company are of the opinion that the carrying value of the balance is recoverable.

(ii) Allowance for doubtful debts

	2015	2014
	RMB	RMB
At 1 January	**2,096,189**	1,981,223
Allowance for impairment loss	**147,070**	164,766
Recovery on amounts written off	**–**	(49,800)
At 31 December	**2,243,259**	2,096,189

Other receivables are assessed to be impaired individually at each reporting date and impairment losses of the Group amounting to approximately RMB2.2 million (2014: RMB2.1 million) has been made as at 31 December 2015. The individually impaired receivables are recognised based on the indication of financial difficulties and default in payments. Consequently, specific impairment provision was recognised. Prepayments and other receivables are non-interest bearing and the Group does not hold any collateral over these balances.

10. TRADE PAYABLES

	2015	2014
	RMB	RMB
Trade payables	**24,747,935**	39,926,921

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:

	2015	2014
	RMB	RMB
Within 3 months	**14,346,438**	24,811,933
More than 3 to 6 months	**4,261,363**	5,510,782
More than 6 to 12 months	**2,639,421**	6,275,266
Over 1 year	**3,500,713**	3,328,940
	24,747,935	39,926,921

11. BANK BORROWINGS

	2015	2014
	RMB	RMB
Secured	**35,000,000**	87,300,000
Unsecured	**10,000,000**	–
	45,000,000	87,300,000

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

Notes:

(i) In 2015, secured against property, plant and equipment and inventories with a total carrying amount of about RMB47 million (2014: RMB49 million). Certain bank loans were also guaranteed by a director of the subsidiary and independent third party.

(ii) The bank borrowings of the Group bear interest at fixed and floating effective interest rate ranging from 5.3% to 7.8% (2014: 6.2% to 9.0%).

12. SHARE CAPITAL

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

	2015		2014	
	Number (million)	**RMB**	Number (million)	RMB
Ordinary shares of RMB0.1 each:				
Domestic shares				
At 1 January and 31 December	**715**	**71,500,000**	715	71,500,000
Converted to H Shares (note i)	**(17)**	**(1,750,000)**	–	–
	698	**69,750,000**	715	71,500,000
H shares				
At 1 January	**705**	**70,500,000**	705	70,500,000
Issued new shares (note i)	**192**	**19,250,000**	–	–
	897	**89,750,000**	705	70,500,000
Total at 31 December	**1,595**	**159,500,000**	1,420	142,000,000

Note:

(i) In April 2015, an aggregate of 192,500,000 H shares has been successfully placed to not less than six independent investors at HK$0.70 per H Share. Please refer to the Company's announcements dated 28 April 2015 for details.

(ii) Domestic shares and H shares are both ordinary shares in the share capital of the Company. However, H shares may only be subscribed for by, and traded in Hong Kong dollars between legal 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 2015, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2014: Nil).

13. RESERVES

The Company	Share premium RMB (Note(i))	Capital reserve RMB (Note(iii))	Accumulated losses RMB (Note(iv))	Other reserve RMB (Note(v))	Total RMB
At 1 January 2014	75,816,410	(2,312,483)	(76,822,191)	–	(3,318,264)
Profit and total comprehensive income for the year	–	–	10,673,337	–	10,673,337
Written put option over non-controlling interests	–	–	–	(22,032,403)	(22,032,403)
At 31 December 2014	75,816,410	(2,312,483)	(66,148,854)	(22,032,403)	(14,677,330)
Profit and total comprehensive income for the year	–	–	(2,946,172)	–	(2,946,172)
Issue of new shares	78,851,461	–	–	–	78,851,461
At 31 December 2015	154,667,871	(2,312,483)	(69,095,026)	(22,032,403)	61,227,959

(i) Share premium

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

(ii) Surplus reserve

In accordance with the PRC Companies Law, the Company and its subsidiaries are required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to the statutory surplus reserve (until such reserve reaches 50% of the registered capital of the respective companies). The statutory surplus reserve is non-distributable and can be used to make up losses or to increase share capital. Except for the reduction of losses incurred, other usage should not result in the statutory surplus reserve falling below 25% of the registered capital. No such transfer was made in 2015 as such reserve reached 50% of the registered capital of the respective companies.

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 2015.

(iii) Capital reserve

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

(iv) Accumulated losses

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

(v) Other reserve

The reserve represents written put option liability to non-controlling interests in respect of disposal transaction of 49.84% equity interest in Tianjin Alpha.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Biological compound fertilizer

Compound fertilizers are characterized by high content of nutrients, less useless elements and favorable physical characteristics, and play an important role in balanced fertilization, increasing the utilization of fertilizers and promoting high and stable yield of crops. Currently, the competition in the compound fertilizer industry focuses on quality, brand, capital, technology and service. During the period under review, as the government of the PRC streamlined administrative procedures and strongly promoted market reform, a series of preferential policies related to the fertilizer industry were gradually abolished, including cancellation of railway preferential freight rates and preferential electricity price, relaxing the management of import and export, and resuming levying VATs by the state. As a result, the fertilizer manufacturing companies and the market were affected adversely by such changes in policies. In addition, amid the complicated market environment in which end users and fertilizer demand in the market had been changing, land transfer had been accelerated and the number of big crop-growers and cooperative communities kept increasing rapidly. The Company's subsidiaries, Guangdong Fulilong and Shandong Hidersun, timely took a series of measures to ride on the development trend of modern agriculture, strengthen the cooperation with new agricultural business entities, such as farmers' cooperative communities, actively promote innovative service mechanism and extend service scope in order to provide targeted and personalized products and services for users. Meanwhile, by focusing on promoting compound fertilizers, such as active fertilizers and bio-organic fertilizers, which yield higher gross margin and are in line with the state's development concept of "yield-increasing fertilization, economical fertilization and environment-friendly fertilization", the Company will target major markets and customers and hold a proper control over selling expenses to maximize profits of the Group, so as to ensure the sustainable and healthy development of the Company's compound fertilizer business.

Health care products

Given the growing health care industry in China which has experienced rapid development over years, although the development potential of health care product industry in China is undoubtedly immense under the market demand, the advancement of technology and the optimization of regulations, there are numerous problems urgently to be resolved in the health care product industry in China, such as serious homogenization, low technology level, low industrial concentration, shortage of capital investment, and the lack of senior technical talents. Since the health care industry is characterized by low pollution, high employment rate, high utilization of land, low energy consumption and sound comprehensive economic efficiency, and is in line with the adjustment direction of the national and regional industrial structures, many large-scale or multinational pharmaceutical and health care products groups step into the sector by way of merger, holding and sharing in recent years to realize the reorganization of health care product companies, while the competitiveness of small and medium-sized health care products manufacturing companies in China tends to be weaker. With the population in the PRC kept increasing, the national income level also improved and the pace of urbanization has been deeply promoted. During the 13th Five Year Plan period, the consumption demand of urban and rural residents for health care products increases rapidly and the market competition tends to be fierce. During the period under review, Tianjin Alpha, introduced strategic investors through capital increase and share enlargement based on its actual needs and the change of the external market environment, to actively improve its internal financial structure, endeavor to enhance the market competitiveness of its products and cope with the fierce market competition.

FINANCIAL REVIEW

Turnover, gross profit and gross margin

For the year ended 31 December 2015, the Group achieved total annual turnover of RMB501,589,528, representing an increase of 6.66% as compared to last year (31 December 2014: RMB470,267,081); the consolidated gross profit was RMB96,720,781, representing an increase of 22.88% as compared to last year (31 December 2014: RMB78,712,010); the consolidated gross profit margin was 19.28%, representing a significant increase as compared to last year (31 December 2014: the consolidated gross profit margin was 16.74%). During the review period, the Group focused on promoting biological compound fertilizers and bio-organic fertilizers with a higher gross profit margin and this resulted in a significant increase in both the Group's consolidated gross margin and gross profit as compared to last year.

Other income and net losses

For the year ended 31 December 2015, other income and net losses of the Group was RMB350,981 (31 December 2014: RMB588,850).

Selling and distribution costs

For the year ended 31 December 2015, selling and distribution costs of the Group was RMB23,514,871, representing an increase of 21.81% as compared to last year (31 December 2014: RMB19,304,116). During the review period, in view of the intensified market competition, the Group has adopted a series of measures for consolidating and expanding its sales channels. Consequently, there was a slight increase in marketing expenses as compared to last year.

Administrative expenses

For the year ended 31 December 2015 administrative expenses of the Group were RMB21,507,630 (31 December 2014: RMB17,887,372), representing an increase of 20.24% as compared to last year, which was mainly due to the Group's appropriate increase in the provision for inventories and trade receivables after eliminating the discontinued operations of health care product business based on the prudent accounting principles.

Research and development expenses

For the year ended 31 December 2015, research and development expenses of the Group were RMB15,416,009, representing a significant increase of 113.52% as compared to last year (31 December 2014: RMB7,219,908), which was mainly due to more funding for the research and development of new compound fertilizer products.

Finance costs

For the year ended 31 December 2015, finance costs of the Group were RMB4,657,425, representing an increase of 11.65% as compared to last year (31 December 2014: RMB4,171,557), mainly due to the Group's appropriate increase in the bank loans to finance its compound fertilizer business. The details are set out in Note 4 to the accounts.

Profits for the year

For the year ended 31 December 2015, the profit attributable to the owner of the Company was RMB25,564,512, representing a significant increase of 43.72% as compared to last year (31 December 2014: RMB17,787,428); earnings per share of the Company were RMB1.76 cents compared to RMB1.46 cents of the same period of last year, representing a significant increase of 20.55%.

STRUCTURE OF SHARE CAPITAL

As at 31 December 2015, the structure of share capital of the Company is set out in Note 13 to the accounts.

CHANGE OF SUBSTANTIAL SHAREHOLDERS

On 20 April 2015 (after trading hours), the Company was notified by Shenzhen Xiangyong Investment Company Limited ("Xiangyong"), being a substantial shareholder of the Company holding 180,000,000 domestic shares which represent 12.68% of the entire issued share capital of the Company, and Dongguan Lvye Fertilizers Company Limited ("Lvye"), being a shareholder of the Company holding 120,000,000 domestic shares which represent 8.45% of the entire issued share capital of the Company, respectively that the equity holders of Xiangyong and Lvye entered into disposal agreements with Beijing Yingguxinye Investment Co., Ltd (the "Purchaser") respectively on 20 April 2015, pursuant to which the equity holders of Xiangyong and Lvye agreed to sell the entire equity interest to the Purchaser. Upon completion of such agreements, the Purchaser would own 100% interest in Xiangyong and Lvye, i.e. the Purchaser would be deemed to be interested in the entire domestic shares of the Company (21.13%) originally held by Xiangyong and Lvye. The Purchaser is a limited company incorporated in the PRC and is engaging in the business of investment and asset management. Please refer to the announcement of the Company dated 21 April 2015 published on the website of the GEM of the Stock Exchange for details.

PLACING

On 13 January 2015, the Board of the Company passed a resolution approving the appointment of China Merchants Securities (HK) Co., Ltd., to be the placing agent in respect of a placing of not more than 192,500,000 H Shares. The 192,500,000 H Shares represents approximately 13.56% and 27.30% of the existing total issued share capital and the existing issued H Shares of the Company respectively. On 16 April 2015, the grant of special mandate for the issuance of the new shares which may be placed and amendments to the articles of association of the Company were approved at the extraordinary general meeting and class meetings of the Company. Please refer to the Company's notices of class meetings and circular published on the GEM website on 25 February 2015 and the announcement in respect of results of extraordinary general meeting and class meetings published on the GEM website on 16 April 2015 for details. On 20 April 2015, the Company entered into a placing agreement with the placing agent, pursuant to which the Company had agreed to appoint the placing agent to procure, on a best effort basis, the placing of the placing H Shares at HK$0.70 per Share.

On 28 April 2015, the Company issued an announcement on the GEM website that the Company had obtained the approval for the listing of and permission to deal in not more than 175,000,000 new H Shares and not more than 17,500,000 sale H Shares by the Company from the GEM Listing Committee and all the conditions for the placing were fulfilled. An aggregate of 192,500,000 total placing H Shares had been successfully placed to not less than six independent professional, institutional and/or individual investors at the placing price of HK$0.70 per placing H Share. The proceeds of the placing of the new H Shares and the sale H Shares were approximately HK$122.50 million and HK$12.25 million, respectively. After deduction of placing commission and all related costs, fees and expenses which represented approximately 2.5% of the gross proceeds, the net proceeds of the placing of new H Shares and the sale H Shares were approximately HK$119.44 million and HK$11.94 million, respectively. The net proceeds from the sale H Shares would be paid to NSSF Council as required by the State-owned Shares Reduction Regulations. Please refer to the announcement of the Company dated 28 April 2015 published on the GEM website for details.

The shareholding structure of the Company immediately after completion of the placing is as follows:

Name of Shareholders	Nature of Shares	Number of Shares Held (Shares)	Shareholding Proportion
Tianjin TEDA International Incubator	State-owned Legal Person Shares	182,500,000	11.44%
Gu Hanqing	Natural Person Shares	14,000,000	0.88%
Xie Kehua	Natural Person Shares	9,000,000	0.56%
Guangzhou Wenguang Media Company Limited	Social Legal Person Shares	12,000,000	0.75%
Beijing Zhongxing Wuhuan Building Materials Company Limited	Social Legal Person Shares	10,000,000	0.63%
Shenzhen Xiangyong Investment Company Limited	Social Legal Person Shares	180,000,000	11.29%
Shandong Zhinong Fertilizers Company Limited	Social Legal Person Shares	170,000,000	10.66%
Dongguan Lvye Fertilizers Company Limited	Social Legal Person Shares	120,000,000	7.52%
Domestic Shares (Subtotal)		697,500,000	43.73%
Public Shareholders of H Shares	H Shares	897,500,000	56.27%
H Shares (Subtotal)		897,500,000	56.27%
Total		1,595,000,000	100%

RESIGNATION, REDESIGNATION AND APPOINTMENT OF DIRECTORS AND SUPERVISORS

The Company issued an announcement on 30 June 2015 that the Board had accepted the resignations of Mr. Xie Guangbei, a non-executive Director, and Mr. Zhao Kuiying, an Independent Supervisor, respectively with effect from 30 June 2015.

The Board proposed to redesignate Mr. Chen Yingzhong, an executive Director, as a non-executive Director of the Company with effect from the date of shareholders' approval and expiring on 31 December 2016. The Board also proposed to appoint Ms. Sun Li as an executive Director and Mr. Liang Weitao as an Independent Supervisor for a term commencing on the date of shareholders' approval and expiring on 31 December 2016. The aforesaid proposals were passed as ordinary resolutions by the shareholders at the extraordinary general meeting convened on 20 August 2015. Please refer to the notice of extraordinary general meeting and circular of the Company both dated 1 July 2015 and the announcement dated 20 August 2015 in respect of the results of the extraordinary general meeting published on the GEM website for details.

CHANGE OF CHAIRMAN OF THE BOARD

The Company issued an announcement on 20 August 2015 that Mr. Wang Shuxin had resigned as the chairman of the Board and the chairman of the Nomination Committee of the Company due to his busy schedule and that he wished to devote more time on pursuing his other business commitments with effect from 20 August 2015. The Board had elected Ms. Sun Li, an executive director of the Company, to replace Mr. Wang Shuxin as the chairman of the Board and as the chairman of the Nomination Committee of the Company with effect from 20 August 2015. Please refer to the announcement of the Company dated 20 August 2015 published on the GEM website for details.

CHANGE OF CHIEF EXECUTIVE OFFICER

The Company issued an announcement on 14 September 2015 that Mr. Wang Shuxin resigned as the chief executive officer due to his busy schedule and his other business engagements with effect from 14 September 2015. The Board also announced that Ms. Sun Li was appointed to replace Mr. Wang Shuxin as the chief executive officer with effect from 14 September 2015. Please refer to the announcement of the Company dated 14 September 2015 published on the GEM website for details.

DEEMED DISPOSAL OF A NON-WHOLLY OWNED SUBSIDIARY

The Company issued an announcement on 30 September 2015 that on 24 June 2015, Tianjin Alpha, all its founding equityholders (including the Company) entered into a capital increase agreement (the "Agreement") with seven independent individual third parties (the "Investors"), pursuant to which the Investors agreed to make the capital contribution of RMB14 million (the "Capital Contribution") to Tianjin Alpha, of which RMB3.5 million were allocated to registered capital. After the Capital Contribution, the Company's equity interest in Tianjin Alpha was reduced from 50.16% to 38.84%, but the Company remained as the single largest equityholder without any changes to the composition of the board of directors of Tianjin Alpha and with the chairman of the board of directors of Tianjin Alpha as well as the legal representative of Tianjin Alpha still being appointed by the Company according to the articles of association of Tianjin Alpha. In addition, on the even date, Tianjin Jinnasen Technology Development Co. Ltd. ("Jinnasen") signed an undertaking (the "Undertaking") in the form of a supplemental agreement in favour of the Company warranting to act in concert with and act according to the decision of the Company in voting at equityholders' meeting and management of Tianjin Alpha until 30 September 2015. Thus Tianjin Alpha remained as a subsidiary of the Company after the Capital Contribution. After the expiry of the Undertaking, Tianjin Alpha ceased to be a subsidiary of the Company but became an associate. Please refer to the announcement of the Company dated 30 September 2015 published on the GEM website for details.

Thereafter, on 7 December 2015, all the equityholders (including the Company) of Tianjin Alpha entered into a capital increase agreement (the "Agreement") with an independent individual third party (the "New Investor"), pursuant to which the New Investor agreed to make the capital contribution of RMB10 million to Tianjin Alpha, of which RMB2,383,927 were allocated to registered capital. After the Capital Contribution, the Company's equity interest in Tianjin Alpha was reduced from 38.84% to 33.66%, but the Company remained as the single largest equityholder without any changes to the composition of the board of directors and the chairman of the board of directors of Tianjin Alpha.

CHANGE OF COMPLIANCE OFFICER

The Company issued an announcement on 10 November 2015 that Mr. Wang Shuxin haed resigned as the compliance officer of the Company under the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules") due to his busy schedule and that he wished to devote more time on pursuing his other business commitments with effect from 10 November 2015. The Board had elected Ms. Sun Li, the chairman, the chief executive officer and an executive director of the Company, to replace Mr. Wang Shuxin as the compliance officer of the Company with effect from 10 November 2015. Please refer to the announcement of the Company dated 10 November 2015 published on the GEM website for details.

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 2015 and the year ended 31 December 2014 are disclosed in Note 3 to the accounts.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During 2015, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2015, the Group's current assets and net current assets were RMB358,881,643 (31 December 2014: RMB324,693,607) and RMB244,810,021 (31 December 2014: RMB135,769,218) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 3.15 (31 December 2014: 1.72). The Group's current assets as at 31 December 2015 comprised mainly cash and bank balances of RMB105,637,380 (31 December 2014: RMB48,383,977), trade receivables of RMB78,395,214 (31 December 2014: RMB103,319,636) and inventories of RMB90,377,523 (31 December 2014: RMB138,376,713).

As at 31 December 2015, the total bank borrowings of the Group amounted to RMB45,000,000 (31 December 2014: RMB87,300,000). The bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed and variable interest rates ranging from 5.3% to 7.8% (31 December 2014: 6.2% to 9.0%) per annum. Out of all the bank borrowings, a total amount of RMB20,700,000 will mature in the first half of 2016, a total amount of RMB24,300,000 will mature in the second half of 2016.

As at 31 December 2015, the Group's consolidated total assets and net assets were about RMB458,505,263 (31 December 2014: RMB432,622,005) and RMB344,433,641 (31 December 2014: RMB243,697,616) respectively. The Group's consolidated gearing ratio, defined as the ratio of total liabilities to total assets, was 0.25 (31 December 2014: 0.44). As at 31 December 2015, the Group's gearing ratio, defined as the ratio of total bank borrowings to total assets, was 0.10 (31 December 2014: 0.20).

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2015, the Group and the Company had contingent liabilities amounting to RMB20,000,000 (31 December 2014: RMB45,000,000) and RMB20,000,000 (31 December 2014: RMB45,000,000) respectively in connection with the provision of guarantee as security for bank loans granted to the associate.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 480 employees (2014: 500 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 ahead, as the risks and uncertainties prevailed in the global economy, including the insufficient growth in demand, the fluctuation of the financial market and structural problems, and under the background of sluggish recovery and differentiation in the trend of global economy, the economy of China still faces huge downturn pressure. With the initiation and implementation of the 13th Five Year Plan by the state, it is believed that the driving forces for the economic growth will be added. Nowadays, given Chinese enterprises' exposure to the globalization in economy, they have to adapt to new elements of economic transition and vigorously cultivate their core competitiveness so as to maintain long-term initiatives in the market competition. As there is huge development potential for biological compound fertilizer and health care products businesses operated by the Group in the course of China's future economic development and in the consumption structure, the management of the Company will actively capture the development opportunity in those two sectors and enhance the awareness in risk prevention and the standard of risk control to ensure the rapid, stable and sustainable development of the Company.

According to the guidelines in the Central Document No.1 of "Several Opinions on the Implementation of New Ideas to Accelerate the Construction for Agricultural Modernization and Achieve the Target for An All-round Well-off Society" issued by the Central Committee of the Communist Party of China and the State Council in 2016 and "Guiding Opinions on Promoting the Transformation Development of Fertilizer Industry" published by the Ministry of Industry and Information Technology of China, enterprises should take the initiative to cater to the development of agricultural modernization, adjust product structure, promote innovative ability and enhance agrichemical service on the premise of promoting the increase in grain yield and farmers' income, the safety of the ecological environment and meeting the demand for scientific fertilization according to the requirements of the "Action Program for Zero Growth in the Use of Fertilizer by 2020" formulated by the Ministry of Agriculture so as to effectively improve the growth quality and efficiency. Overall, since the compound fertilizer rate currently maintains at a relatively lower level about 40% in China as compared to 80% in developed countries and an average of 50% of the world, there is still huge growth potential for Chinese compound fertilizer industry. Due to the structural adjustment of the planting industry, change in method of agricultural production, excess capacity, the withheld of preferential policies treatment and the transformation of market channels, coupled with the desperate demand for the sustainable development of the ecological environment during the implementation of the "Action Program for Zero Growth in the Use of Fertilizer by 2020", the Company's subsidiaries, Guangdong Fulilong and Shandong Hidersun, will put emphasis on the research and development of ecological and environment-protection fertilizer products, and make efforts in the model of innovative services to actively upgrade the agrichemical services of soil testing and fertilizer recommendation, continuously optimize the product structure and service network and ensure the stable, rapid and sustainable development of the Company.

With the improvement on the living standard of people and the acceleration of aging population, the demand for medical services increase steadily and the medical and healthcare sector becomes the development focus of the strategic emerging industry and “Made in China 2025” strategy. During the 13th Five Year Plan period, the development and model of traditional medical and pharmaceutical system in Chinese medical and healthcare industry will be accelerated and transformed, which presents an innovative and strategic opportunity for the development of the high-end medical devices and diagnosis and treat fields based on “Internet+”, Big Data and artificial intelligence. In addition to the stable development of existing compound fertilizer business, The Company will fully leverage on the advantages of the capital market in Hong Kong to secure mature medical and healthcare projects in above fields with promising market prospect and leading international technology by mergers and acquisitions, strive to exploit late-mover advantage and foster new sources of profit growth, aiming to achieve the Company’s upgrade in strategy and innovation.

With the persistent increase in residents’ income, the accelerating pace in the upgrade of the consumption structure, the growing requirements for the quality of life and the increasing demand for health care services resulting from aging population in China, the health care industry will have an extensively promising future. The health care industry in China comprises medical health service and non-medical health service, and is divided into four basic industry clusters, including (i) the medical industry which is mainly comprised of medical service institutions, (ii) the pharmaceutical industry which mainly involves in the manufacturing and sales of medicine, medical devices and other medical consumables, (iii) the health care product industry which is mainly related to the manufacturing and sales of health care products and healthy products, and (iv) health management service industry which is mainly associated with personalized health examination, assessment, consultation services, nursing and rehabilitation, and protection and promotion. To construct “Healthy China” has been highlighted as the national strategy in the bulletin of the Fifth Plenum of the 18th Central Committee of the Communist Party of China. As the national development strategy with continuous growth impetus, the health care industry is characterized by high development stability in the long run and strong support from the government, and is the emerging investment hotpot during the transformation of the Chinese economy. Benefiting from the unleash preferential policies promulgated by the state, the health care industry will enjoy a new round of economic development. The future development of the global health care industry would be characterized by globalization with high technology contest, high efficiency and high degree of sophistication. In the course of future development of health care business, the Company will adhere to its principles of acting rationally, tightly seize the development opportunities of the health care industry, reasonably adjust the industrial structures, continuously optimize the allocation of resources and promote the business development in the health care industry.

Looking ahead for 2016, the business sectors in which the Group operates may face some risks and challenges while some development opportunities also prevail. The Group is well-prepared to adapt to the development trend of the economy and the industry, and will actively explore new areas for value and expand the innovative development. In addition, the Group will strengthen and expand its sound marketing network, endeavor to achieve businesses upgrade and raise the values, promote its core competitiveness and take the enhancement of profitability of the Company as the priority.

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

As at 31 December 2015, the interests of the directors and supervisors of the Company and their respective associates in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) were as follows:

Long position in ordinary shares of RMB0.1 each in the Company:

Directors/Supervisors/ Executive Officers	Personal	Family	Corporate	Other	Total	Percentage of the issued share capital
Mr. Chen Yingzhong	–	–	170,000,000 (Note)	–	170,000,000	10.66%

Note: These shares are held by Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers"), and Mr. Chen is the beneficial owner who holds 100% equity interest in Zhinong Fertilizers. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as at 31 December 2015, 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 2015, the following persons (other than the Directors and the Supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Long position in ordinary shares of RMB0.1 each in the Company:

Names of shareholders	Capacity	Number of ordinary shares	Percentage of the issued share capital
Tianjin TEDA International Incubator ("Incubator")	Beneficial owner	182,500,000 (Note)	11.44%
Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment")	Beneficial owner	180,000,000 (Note)	11.29%
Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers")	Beneficial owner	170,000,000 (Note)	10.66%
Dongguan Lvye Fertilizers Company Limited ("Lvye Fertilizers")	Beneficial owner	120,000,000 (Note)	7.52%

Note: All of the shares represent domestic share.

Save as disclosed above, as at 31 December 2015, 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 2015, none of the Directors, the Supervisors, or the management shareholders and their respective associates of the Company (as defined under the GEM Listing Rules) competes or may compete with the business of the Group or has or may have any other conflicts of interest with the Group required to be disclosed pursuant to the GEM Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not redeem any of its shares during the period under review. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the period ended 31 December 2015.

SHARE OPTION SCHEME

For the year ended 31 December 2015, the Company has no existing share option scheme in place.

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. Peter K.S. Chan, 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 2015.

DIRECTORS' SECURITIES TRANSACTION

For the year ended 31 December 2015, the Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all Directors, the Directors of the Company have complied with such code of conduct and the required standard of dealings.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company have endeavored to apply the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules to the Group. The corporate governance principles which the Company complies emphasize on the establishment of an efficient board of directors and sound internal control, as well as the transparency presented to all of the shareholders. The Directors are of the view that, the Company had complied with all the provisions of the Code except A.2.1 of the Code during the period under review.

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

Tianjin, China, 31 March 2016

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

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 posting. This announcement will also be published and remain on the website of the Company at www.bioteda.com.