



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)

The cover features a white paper-like background with a large, stylized number '2016' in a vibrant green color. Below it, the words 'INTERIM REPORT' are written in a smaller, black, sans-serif font. The design is decorated with a multi-colored rainbow arc on the left and bottom, several green leaves on the right, and five colorful birds in flight at the bottom. The overall aesthetic is clean, modern, and nature-inspired.

2016

INTERIM REPORT

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK 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 Stock 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.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

The data set out in this report, 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 the GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving data 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 report 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 report or any statement herein misleading.

HIGHLIGHTS

- Consolidated turnover of the Group for the six months ended 30 June 2016 amounted to RMB209,435,809, representing a decrease of 13.19% as compared to the same period of last year (30 June 2015: RMB241,247,100).
- Consolidated gross profit of the Group for the six months ended 30 June 2016 amounted to RMB42,674,864, representing a decrease of 2.36% as compared to the same period of last year (30 June 2015: RMB43,707,492).
- Profit attributable to the equity owners of the Company for the six months ended 30 June 2016 was RMB8,740,566, representing an increase of 54.89% as compared to the same period of last year (30 June 2015: RMB5,643,189); the earnings per share of the Company was RMB0.548 cents (30 June 2015: RMB0.354 cents).
- The Board does not recommend the payment of dividend for the six months ended 30 June 2016.



HALF-YEARLY RESULTS (UNAUDITED)

The board of directors (the "Board") of Tianjin TEDA Biomedical Engineering Company Limited (the "Company") is pleased to announce the unaudited half-yearly results of the Company and its subsidiaries (hereafter collectively referred to as the "Group") for the six months ended 30 June 2016, together with the comparative figures of the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
		2016 RMB	2015 RMB (re-presented)	2016 RMB	2015 RMB (re-presented)
Continuing operation					
Revenue	2	209,435,809	241,247,100	121,018,846	132,574,676
Cost of sales		(166,760,945)	(197,539,608)	(96,118,965)	(107,895,656)
Gross profit		42,674,864	43,707,492	24,899,881	24,679,020
Other expenses and net losses	3	(3,162,341)	(147,090)	(832,598)	(162,185)
Selling and distribution costs		(8,564,906)	(11,834,501)	(4,065,144)	(6,051,428)
R&D and administrative expenses		(18,961,631)	(19,706,544)	(10,797,835)	(12,197,771)
Finance costs	4	(1,784,017)	(2,533,482)	(825,337)	(1,748,777)
Profit before taxation		10,201,969	9,485,875	8,378,967	4,518,859
Income tax	6	(1,620,370)	(727,793)	(1,266,086)	(427,793)
Profit and comprehensive income for the period from continuing operation		8,581,599	8,758,082	7,112,881	4,091,066
Discontinued operation					
Loss for the period from discontinued operation		-	(7,159,956)	-	(2,115,746)
Profit and comprehensive income for the period		8,581,599	1,598,126	7,112,881	1,975,320

	Notes	(Unaudited) For the six months ended 30 June		(Unaudited) For the three months ended 30 June	
		2016 RMB	2015 RMB (re-presented)	2016 RMB	2015 RMB (re-presented)
Attributable to:					
Owners of the Company					
– Profit for the period from continuing operation		8,740,566	9,234,623	6,502,247	4,052,969
– Loss for the period from discontinued operation		–	(3,591,434)	–	(1,061,259)
Non-controlling interests					
– (Loss)/profit for the period from continuing operation		(158,967)	(476,541)	610,634	38,097
– Loss for the period from discontinued operation		–	(3,568,522)	–	(1,054,487)
(Loss)/profit for the period attributable to non-controlling interests		(158,967)	(4,045,063)	610,634	(1,016,390)
Earnings per share-Basic (RMB)	7				
From continuing and discontinued operation		0.548 cents	0.354 cents	0.408 cents	0.188 cents
From continuing operation		0.548 cents	0.579 cents	0.408 cents	0.254 cents



CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2016 (Unaudited) RMB	31 December 2015 (Audited) RMB
Non-current assets			
Property, plant and equipment		68,345,531	70,715,068
Interest in an associate		17,405,659	20,675,197
Prepaid land lease payments		8,170,556	8,233,355
Total non-current assets		93,921,746	99,623,620
Current assets			
Inventories		93,265,881	90,377,523
Trade and bills receivables	9	151,187,148	78,395,214
Prepayments and other receivables	10	84,815,476	79,562,058
Amount due from an associate		10,804,698	4,909,468
Bank balances and cash		39,129,703	105,637,380
Total current assets		379,202,906	358,881,643
Total assets		473,124,652	458,505,263
Current liabilities			
Trade payables	11	40,414,385	24,747,935
Other payables and accruals	12	11,482,659	17,472,089
Financial liabilities		24,767,050	24,145,000
Current tax liabilities		4,145,318	2,706,598
Bank borrowings		39,300,000	45,000,000
Total current liabilities		120,109,412	114,071,622
Net current assets		259,093,494	244,810,021
Total assets less current liabilities		353,015,240	344,433,641
Net Assets		353,015,240	344,433,641

		30 June 2016 (Unaudited) RMB	31 December 2015 (Audited) RMB
	Notes		
Capital and reserves attributable to owners of the Company			
Share capital	13	159,500,000	159,500,000
Reserves		169,177,524	160,436,958
<hr/>			
Equity attributable to owners of the company		328,677,524	319,936,958
Non-controlling interests		24,337,716	24,496,683
<hr/>			
Total equity		353,015,240	344,433,641



CONDENSED CONSOLIDATED CASH STATEMENT

	For the six months ended 30 June	
	2016	2015
	Unaudited RMB	Unaudited RMB
Continuing operation		
Cash flows from operating activities		
Cash used in operation	(54,887,950)	(39,208,085)
Interests received	223,607	18,063
Income tax paid	(4,545,293)	(7,086,905)
Interests paid	(1,192,180)	(1,643,681)
Net cash used in continuing operating activities	(60,401,816)	(47,920,608)
Discontinued operation		
Net cash used in discontinued operating activities	–	(13,268,934)
Net cash used in continuing and discontinued operating activities	(60,401,816)	(61,189,542)
Continuing operation		
Cash flows from investing activities		
Purchases of property, plant and equipment	(917,810)	(2,752,667)
Sales of property, plant and equipment	288,342	125,663
Interest received	223,607	18,063
Net cash used in continuing investing activities	(405,861)	(2,608,941)
Discontinued operation		
Net cash used in discontinued investing activities	–	(1,966,657)
Net cash used in continuing and discontinued investing activities	(405,861)	(4,575,598)

	For the six months ended 30 June	
	2016 Unaudited RMB	2015 Unaudited RMB
Continuing operation		
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares	–	106,155,606
Capital injection from a minority shareholder	–	–
Proceeds from short-term/long-term bank borrowing	15,000,000	34,000,000
Repayment of short-term bank borrowings	(20,700,000)	(22,000,000)
Net cash used in continuing financing activities	(5,700,000)	118,155,606
Discontinued operation		
Net cash used in discontinued financing activities	–	4,000,000
Net cash used in continuing and discontinued financing activities	(5,700,000)	122,155,606
NET DECREASE/(INCREASE) IN CASH AND BANK BALANCES	(66,507,677)	56,390,466
CASH AND BANK BALANCES AT THE BEGINNING OF THE PERIOD	105,637,380	48,383,977
CASH AND BANK BALANCES AT THE END OF THE PERIOD	39,129,703	104,774,443



Notes:

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with Hong Kong Financial Reporting Standards, accounting principles generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules"). In the current period, the Group has adopted all of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") and Hong Kong Accounting Standards ("HKAS") (collectively "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants which are relevant to its operations and effective for accounting periods beginning on or after 1 January 2014. The application of the new HKFRSs has had no material impact on the Group's unaudited results of operations and financial position. The financial statements have been prepared on a going concern basis, assuming that the Group will continue to operate as a going concern. The validity of the Group's ability to continue as a going concern depends on the success of the Group's future operations. Consequently, the Directors have prepared the unaudited quarterly results for the six months ended 30 June 2016 on the going concern basis. The principal accounting policies adopted are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

2. REVENUE

Revenue, which is also the Group's revenue, represents the invoiced value of goods sold to customers after any allowance an discounts and is analysed as follows:

	For the six months ended 30 June		For the three months ended 30 June	
	2016	2015	2016	2015
	RMB	RMB	RMB	RMB
Continuing operation				
Fertilizer products	209,435,809	241,247,100	121,018,846	132,574,676
Discontinued operation				
Health care products	-	32,689,594	-	11,180,531
	209,435,809	273,936,694	121,018,846	143,755,207

3. OTHER EXPENSES AND NET LOSSES

During the period, the Group applied the share holding percent ratio of investment in Associate Company to share the loss in investment in Associate Company. (2015: Nil)

4. FINANCE EXPENSE

	For the six months ended 30 June		For the three months ended 30 June	
	2016	2015	2016	2015
	RMB	RMB	RMB	RMB
	(re-presented)		(re-presented)	
Interest expense on bank loans and bank charges				
Continuing operation	1,784,017	2,533,482	825,337	1,748,777
Discontinued operation	-	1,658,535	-	797,785
	1,784,017	4,192,017	825,337	2,546,562

5. PROFIT BEFORE TAX

	For the six months ended 30 June	
	2016	2015
	RMB	RMB
	(re-presented)	
Depreciation of property, plant and equipment		
Continuing operation	3,212,814	3,178,946
Discontinued operation	-	577,468
	3,212,814	3,756,414
Amortization of intangible asset		
Continuing operation	109,341	110,661
Discontinued operation	-	37,080
	109,341	147,741

6. TAXATION

(a) Enterprise income tax ("EIT")

Pursuant to the income tax rules and regulations of the PRC, the income tax of the company and subsidiaries of the Group is calculated based on the statutory tax rate of 25% (2015: 25%), except for the following company.

Guangdong Fulilong Compound Fertilizers Co., Ltd. is recognized as a High and New-Tech enterprise according to the PRC tax regulations and is entitled to a preferential tax rate of 15% (2015:15%).

(b) Income tax expense

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	1,620	728

The income tax charge in Hong Kong is Nil for the period ended 30 June 2016 (June 2015: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB1,620,370 for the period ended 30 June 2016 (June 2015: RMB727,793).

The charge for the period can be reconciled to the profit per the income statement as follows:

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (re-presented)
Profit before income tax expense	10,202	9,486
Continuing operation	–	(7,160)
Discontinued operation	10,202	2,326
Tax calculated at the EIT rate of 25%	2,551	582
Tax rate differential	(1,876)	(704)
Effect of tax holiday exemption	–	–
Effect of the tax losses on consolidation	945	850
Tax effect of expenses that are not deductible in determining taxable profit	–	–
Tax expense for the period	1,620	728

7. EARNINGS PER SHARE**From continuing and discontinued operations**

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

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (re-presented)
Profit from continued and discontinued operations		
Earnings for the purpose of basic earnings per share	8,740,566	5,643,189
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,595,000,000	1,595,000,000

From continuing operation

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

	For the six months ended 30 June	
	2016 RMB'000	2015 RMB'000 (re-presented)
Profit for the period attributable to owners of the Company	8,740,566	9,234,623
Add: Loss for the period from discontinued operation	–	3,591,434
Earnings for the purpose of basic earnings per share from continuing operation	8,740,566	5,643,189
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,595,000,000	1,595,000,000

From discontinued operations

Basic loss per share for the discontinued operation is RMB0 cents per share (2015: RMB0.225 cents per share), based on the loss for the period from the discontinued operations of RMB0 (2015: RMB3,591,434) and the denominators detailed above for basic losses per share.

8. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB917,810 (2015: RMB2,752,667 re-presented) on the acquisition of property, plant and equipment.

9. TRADE AND BILLS RECEIVABLES

The Group's trade receivable relates to sales of goods to third party customers. The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on trade receivable.

	30 June 2016 (Unaudited) RMB	31 December 2015 (Audited) RMB
Trade receivables	159,299,088	82,781,758
Less: Allowance for doubtful debts	(8,211,940)	(4,386,544)
	151,087,148	78,395,214
Bills receivables	100,000	-
Trade receivable, net	151,187,148	78,395,214

The aging analysis of trade receivable, current assets is as follows:

	30 June 2016 (Unaudited) RMB	31 December 2015 (Audited) RMB
Within 3 months	110,806,651	37,060,619
Over 3 months but within 6 months	32,566,177	27,145,048
Over 6 months	15,926,260	18,576,091
	159,299,088	82,781,758

10. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2016 (Unaudited) RMB	31 December 2015 (Audited) RMB
Other receivables	22,277,594	16,869,894
Less: allowance for doubtful debts	(2,243,259)	(2,243,259)
	20,034,335	14,626,635
Deposits and prepayments	64,781,141	64,935,423
	84,815,476	79,562,058

11. TRADE PAYABLES

The aging analysis of trade payable is as follows:

	30 June 2016 (Unaudited) RMB	31 December 2015 (Audited) RMB
Within 3 months	27,055,134	14,346,438
Over 3 months but within 6 months	6,793,176	4,261,363
Over 6 months	6,566,075	6,140,134
	40,414,385	24,747,935



12. OTHER PAYABLES AND ACCRUALS

	30 June 2016 (Unaudited) RMB	31 December 2015 (Audited) RMB
Other payables (note a)	2,124,757	5,123,017
Accruals	4,145,318	2,721,714
Receipt in advance (note b)	2,529,922	6,944,696
Payables to Social Security Fund	2,682,662	2,682,662
	11,482,659	17,472,089

(a) The other payables that the company's subsidiaries paid was reduced.

(b) The advanced payments that the company's subsidiaries received was reduced.

13. SHARE CAPITAL

	30 June 2016		31 December 2015	
	Number of shares	Nominal value RMB'000	Number of shares	Nominal value RMB'000
Registered	1,595,000,000	159,500	1,595,000,000	159,500
Issued and fully paid				
Domestic shares of RMB0.1 each	697,500,000	69,750	697,500,000	69,750
H shares of RMB0.1 each	897,500,000	89,750	897,500,000	89,750
	1,595,000,000	159,500	1,595,000,000	159,500

14. CAPITAL COMMITMENTS

As of 30 June 2016, the Group had no significant capital commitments which were not provided for in the condensed consolidated financial statements of the Group.

15. CONTINGENT LIABILITIES

The Company guaranteed the banking facilities granted to certain of its associates amounting to RMB15.0 million (2015: RMB20.0 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2016 (June 2015: Nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Other reserve		Accumulated Losses		Total	
	2016 RMB	2015 RMB	2016 RMB	2015 RMB	2016 RMB	2015 RMB	2016 RMB	2015 RMB	2016 RMB	2015 RMB	2016 RMB	2015 RMB	2016 RMB	2015 RMB
Balance as at 1 January	159,500,000	142,000,000	154,667,871	75,816,410	3,717,696	6,831,045	2,541,404	2,541,404	(22,032,403)	(22,032,403)	21,542,390	(7,135,471)	319,936,958	198,020,965
Net profit attributable to equity holders of the Company for the three months ended 31 March	-	-	-	-	-	-	-	-	-	-	2,238,319	2,651,479	2,238,319	2,651,479
Balance as at 31 March	159,500,000	142,000,000	154,667,871	75,816,410	3,717,696	6,831,045	2,541,404	2,541,404	(22,032,403)	(22,032,403)	23,780,709	(4,483,992)	322,175,277	200,672,464
Net profit attributable to equity holders of the Company for the three months ended 30 June	-	-	-	-	-	-	-	-	-	-	6,502,247	2,991,710	6,502,247	2,991,710
Issue of shares	-	17,500,000	-	78,851,461	-	-	-	-	-	-	-	-	-	96,351,461
Balance as at 30 June	159,500,000	159,500,000	154,667,871	154,667,871	3,717,696	6,831,045	2,541,404	2,541,404	(22,032,403)	(22,032,403)	30,282,956	(1,492,282)	328,677,524	300,015,635

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is mainly engaged in two sectors currently: biological compound fertilizer products, including the series of biological compound fertilizer products under the brand of “Fullong” used for the promotion of balanced growth of grains and fruit and vegetables, and health care products, including the series of health care products under the brand of “Alpha”, covering diabetic healthcare products with the function of regulating the blood sugar level and sugar-free products which are beneficial to the health of human body.



During the period under review, the market environment of the compound fertilizer business that the Group continued to operate was rather complicated. The market this year was different from that in previous years. Apart from the pressure from the overall economic downturn, industry competition was getting more and more intense, prices of agricultural products and grains were down, and the abnormal climatic impact caused by the ultra-strong El Nino phenomenon drove the entire industry into a state of downturn. As farmers were not too pro-active in planting and with the decline of fertilizer price, distributors were more cautious when stocking up. Under the background of the overall decline in market demand, Guangdong Fulilong Compound Fertilizers Co., Ltd. and Shandong Hidersun Fertilizer Co., Ltd., both being the subsidiaries of the Group, maintained a stable development of compound fertilizer business by facing the challenges proactively, optimizing product structure, and focusing on the promotion of their products, such as active fertilizers and bio-organic fertilizers which commanded a higher gross profit margin.

Finance Review

Turnover, gross profit and gross profit margin

For the six months ended 30 June 2016, the Group achieved total turnover of RMB209,435,809, representing a decrease of 13.19% as compared to the same period of last year (30 June 2015: RMB241,247,100); the consolidated gross profit of the Group was RMB42,674,864, representing a decrease of 2.36% as compared to the same period of last year (30 June 2015: RMB43,707,492); the consolidated gross profit margin of the Group was 20.38%, representing an increase as compared to the same period of last year (30 June 2015: the consolidated gross profit margin was 18.12%). The compound fertilizer business of the Group was affected by factors such as the depressed industry sentiment and bad weather during the first half of the year. With the measures of optimizing product structure and focusing on the promotion of their products, such as active fertilizers and bio-organic fertilizers which commanded a higher gross profit margin, the consolidated gross profit only decreased by 2.36% as compared to the same period of last year, despite the turnover was down by 13.19% as compared to the same period of last year.

Selling and distribution costs

For the six months ended 30 June 2016, selling and distribution costs of the Group were RMB8,564,906. During the period under review, selling and distribution costs decreased by 27.63% as compared to the same period of last year (30 June 2015: RMB11,834,501), which was primarily due to adopting the conservative principle by the Group for the purpose of moderately control the cost of sales expenses under the downturn market environment during the first half of the year.

Research and development and administrative expenses

For the six months ended 30 June 2016, research and development and administrative expenses of the Group were RMB18,961,631, representing a decrease of 3.78% as compared to the same period of last year (30 June 2015: RMB19,706,544), which was mainly due to the decrease of relevant expenses as a result of the moderate control on administrative expenses and the adjustment of the new product research and development plan during the period under review.

Finance costs

For the six months ended 30 June 2016, finance costs of the Group were RMB1,784,017, representing a decrease of 29.58% as compared to the same period of last year (30 June 2015: RMB2,533,482), the details of which are set out in Note 4 to the accompanying accounts.

Profit for the year

For the six months ended 30 June 2016, the profit attributable to the equity owners of the Company were RMB8,740,566, representing an increase of 54.89% as compared to the same period of last year (30 June 2015: RMB5,643,189); earnings per share of the Company were RMB0.548 cents (30 June 2015: RMB0.354 cents).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the period under review, the Group's main source of finance came from banking facilities granted by various banks in the PRC. As at 30 June 2016, the bank and cash balance of the Group was approximately RMB39,129,703 (31 December 2015: RMB105,637,380), bank borrowings were RMB39,300,000 (31 December 2015: RMB45,000,000). The bank borrowings provided by various banks in the PRC were denominated in RMB and at fixed annual interest rates ranging from 5.1% to 7.4% (31 December 2015: ranging from 5.3% to 7.8%). The bank borrowings amounting to RMB24,300,000 in aggregate will be due in the second half of 2016 and the bank borrowings amounting to RMB15,000,000 in aggregate will be due in the first half of 2017.

As at 30 June 2016, the total asset of the Group amounted to approximately RMB473,124,652 (31 December 2015: RMB458,505,263), with total current liabilities of approximately RMB120,109,412 (31 December 2015: RMB114,071,622), shareholders' equity of RMB328,677,524 (31 December 2015: RMB319,936,958) and minority shareholders' interests of approximately RMB24,337,716 (31 December 2015: RMB24,496,683).

As at 30 June 2016, the consolidated asset debt ratio of the Group, which is the ratio between total liabilities and total assets, was 0.25 (31 December 2015: 0.25). The gearing ratio of the Group, which is the ratio between total bank borrowings and total assets, was 0.08 (31 December 2015: 0.10). The current ratio of the Group, which is the ratio between current assets and current liabilities, was 3.16 (31 December 2015: 3.15).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2016, the Group and the Company had contingent liabilities amounting to RMB15,000,000 (31 December 2015: RMB20,000,000) and RMB15,000,000 (31 December 2015: RMB20,000,000) respectively in connection with the guarantee provided by the Group and the Company to secure the bank loans granted to its subsidiaries.

USE OF NET PROCEEDS FROM PLACING

On 28 April 2015, the Company 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 from the GEM Listing Committee. An aggregate of 192,500,000 total placing H Shares had been successfully placed at the placing price of HK\$0.70 per share. The net proceeds of the placing of the 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 placing of sale H Shares have been paid to NSSF Council as required by the State-owned Shares Reduction Regulations. As at 30 June 2016, the Group had applied the net proceeds from the placing of the new H Shares in the following manners:

Unit: HK\$	Use of proceeds in accordance with the placing plan	Actual proceeds used as at 30 June 2016
Approximately 60% for integrating the Group's distribution channels and expanding marketing network	71,664,000	54,395,800
Approximately 15% for the Group's brand development	17,916,000	16,149,810
Approximately 10% for the research and development of new products	11,944,000	20,726,190
Approximately 15% for general working capital (Note)	17,916,000	14,886,760
Total	119,440,000	106,158,560

Note: The details of the proceeds of the placing of the new H Shares for general working capital are as follows:

Unit: HK\$	Actual proceeds used as at 30 June 2016
Agent fee	4,529,310
Tax	4,296,747
Administrative expenses	5,209,178
Financial expenses	851,525
Total	14,886,760

EXPOSURE TO FOREIGN CURRENCY RISK

The Group is not exposed to any significant foreign currency risk since all the sales of the Group are domestic sales denominated in Renminbi and most payables to suppliers are also denominated in Renminbi.

TREASURY POLICIES

As the Group is not exposed to any foreign currency risk, the bank borrowings are denominated in Renminbi and are usually renewed annually upon maturity. During this period of time, any surplus cash will be placed with licensed banks in China.

FUTURE OUTLOOK

The year 2016 presents both opportunities as well as challenges for compound fertilizer enterprises and the outdated production facilities of enterprise will exit the market in an accelerated pace. In facing the fierce market competition, the affiliated compound fertilizer production enterprises of the Company will firmly grasp opportunities to quicken the pace of the research and development of new ecological and environment-protection fertilizers, such as new bio-organic fertilizers, active specific fertilizers and bio-bacterial manures by leveraging on the technology platform "Guangdong Fulilong Soil Conditioning and Remediation Institute"(廣東福利龍土壤調理修復研究院) established by Department of

Civil Affairs of Guangdong Province under the Soil Pollution Prevention Action Plan (《土壤污染防治行動計劃》) issued by the State of Council on 31 May 2016, so as to ensure the sustainable and sound development of the Group's compound fertilizer business through the continuous technological innovation, product innovation and service innovation.

Currently, the "13th Five-Year Plan" of the PRC government has incorporated "brain science and brain-related research" as one of the country's key scientific and technological innovation and engineering projects; The "China Brain Project", led by Ministry of Science and Technology of the PRC and the National Natural Science Foundation of China, is one of the key projects among the six long-term scientific engineering projects, which will be announced in 2016 with a time-span of 15 years (2016-2030). The world's major countries such as the United States, European Union and Japan have also actively launched and arranged brain science research project, and would take brain science as the focus of research direction in the next ten years.

There is an increasing incidence of psychiatric and neurological disorders in the world, with most of these cases are originated from the brain. As the current standard of diagnosis for psychiatric illness is still the qualitative detection based on phenomenology, the lack of objective and quantitative assessment often leads to misdiagnosis and inappropriate treatment. SJK Greater China, Ltd. ("SJKGC") which the Group intends to acquire 51% equity interest in, has acquired the exclusive licensed rights to use the quantitative EEG detection and diagnostic technology in the licensed areas in Eastern Asia (excluding Taiwan), which can diagnose a series of neurological/psychiatric illnesses through precise and quantitative EEG detection and diagnosis, including autism, depression, bipolar disorder, dementia, drug addiction, serious insomnia, and post-traumatic stress disorders, and achieve 2D/3D reduction and positioning of brain function and lesions. The results obtained in turn will further assist clinicians to offer individualized treatment recommendations to patients. Due to the effectiveness of magnetic EEG/ECG-guided resonance therapy ("MeRT") based on the quantitative EEG detection technology, some U.S. Representatives introduced an act in June this year to call on the government to offer MeRT to veterans in diagnosis and treatment of cases such as veterans with post-traumatic stress disorder. In addition, this globally unique EEG detection and diagnosis technology is developed based on cloud possessing artificial intelligence and self-learning ability. The resulting EEG database of a large number of people can be used for conducting quantitative analysis of the personality traits and talent advantages of children and adults, which will provide a scientific basis for tailored nurturing of children and adult career development and planning.

Based on the stable development of the existing compound fertilizer business, the acquisition of SJKGC will become the entry point for the Group to carry out strategic transformation to the high-end healthcare sector and venture into the forefront of global scientific development starting from brain science, laying a solid foundation for the future long-term development of the Group. The Group also hopes to shoulder more corporate social responsibility and give a helping hand to people in need.

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

As at 30 June 2016, 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						Total	Percentage of the issued share capital
	Personal	Family	Corporate	Other			
Ms. Sun Li	-	-	300,000,000 (Note 1)	-	300,000,000	18.81%	
Mr. Chen Yingzhong	-	-	170,000,000 (Note 2)	-	170,000,000	10.66%	

Notes:

1. Out of these shares, 180,000,000 shares are held by Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment") and 120,000,000 shares are held by Dongguan Lvyte Fertilizers Company Limited ("Lvyte Fertilizers"). Ms. Sun Li is the beneficial owner who holds 15% equity interest in Beijing Yingguxinye Investment Co., Ltd. ("Yingguxinye"), while Yingguxinye holds 100% equity interest in Xiangyong Investment and Lvyte Fertilizers, respectively. All of the shares represent domestic shares.
2. These shares are held by Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers"), and Mr. Chen Yingzhong 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 30 June 2016, none of the Directors, the Supervisors or other chief executives of the Company had interests in any securities, 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 period under review was the Company, its subsidiaries or its holding companies 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 gain profit through the acquisition of the Company's shares.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, 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 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 30 June 2016, the directors of the Company were not aware of any other person (other than the directors and supervisors of the Company) who 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 required to notify 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.



MEMORANDUM OF UNDERSTANDING IN RELATION TO POSSIBLE STRATEGIC COOPERATION

On 15 April 2016, the Company and Donghai International Financial Holdings Company Limited* (東海國際金融控股有限公司) (“DIFH”) entered into the memorandum of understanding headed the “Cooperation Memorandum on the Establishment of Merger and Acquisition Fund of TEDA Donghai Biomedicine*” (《關於成立泰達東海生物醫藥併購基金的合作備忘錄》) (the “Memorandum”), whereby the Company and DIFH intend to jointly establish TEDA Donghai Biomedicine Merger and Acquisition Fund Management Company Limited* (泰達東海生物醫藥併購基金管理有限公司) (“TEDA Donghai”) in the Cayman Islands. TEDA Donghai is to be owned as to 51% by the Company and 49% by DIFH. The Company and DIFH will recruit limited partners according to various projects. The total amount of fund to be raised is temporarily set at one billion Hong Kong dollars. The fund will invest in the investment targets related to the principal business activities which are in line with the transformation of the Company on a global basis. For details, please refer to the announcement of the Company published on GEM website dated 15 April 2016.

ACQUISITION OF 51% STAKE OF SJK GREATER CHINA LTD

On 16 April 2016, the Company, Shu Ju Ku Inc. as the vendor (the “Vendor”) and SJK Greater China, Ltd. (“SJGC”) entered into an agreement, pursuant to which the Company agreed to purchase, and the Vendor agreed to sell 51% of the entire issued shares of SJGC to the Company, at a consideration of US\$27,000,000 (equivalent to approximately HK\$209.45 million), to be satisfied upon completion by an aggregate amount of US\$6,500,000 (equivalent to approximately HK\$50.42 million) in cash; and the remaining US\$20,500,000 (equivalent to approximately HK\$159.02 million) by the allotment and issuance of 100,000,000 new H shares as consideration shares at the issue price of HK\$1.60 per consideration share by the Company to the Vendor. The consideration shares will be issued by the Company under the specific mandate. The Company will seek the approval of the specific mandate from the Shareholders at the extraordinary general meeting and class meeting. Application will be made by the Company to the Stock Exchange for the listing of, and dealing in, the consideration shares.

As the applicable percentage ratios for such acquisition are greater than 25% but less than 100% (as defined in the GEM Listing Rules), the acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements pursuant to the Chapter 19 of the GEM Listing Rules.

Upon completion of the acquisition, the Company shall be interested in 51% of the entire issued share capital of SJKGC, and SJKGC will become a non-wholly owned subsidiary of the Company. For details, please refer to the announcements of the Company published on GEM website dated 24 April 2016 and 29 April 2016, and the notices and circular of the extraordinary general meeting and class meetings dated 25 July 2016.

BE INCLUDED IN MSCI CHINA SMALL CAP INDEX

The Company has been a constituent of the Morgan Stanley Capital International (MSCI) China Small Cap Index, with effective after the trading hours of 31 May 2016. The MSCI China Small Cap Index is one of the MSCI Global Small Cap Indices and is designed to measure the performance of the small cap segment of the China market. The MSCI China Small Cap Index contains 426 constituents. The Company is the only Hong Kong GEM board listed company to be added to the MSCI. For details, please refer to the announcement of the Company published on GEM website dated 16 May 2016.

COMPETING INTERESTS

During the six months ended 30 June 2016, none of the directors, supervisors or management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) competes or may compete with the business of the Group nor has or may have any other conflicts of interest with the Group that is required to be disclosed pursuant to the GEM Listing Rules.



AUDIT COMMITTEE

The Company has prepared and adopted written terms of reference for the Audit Committee with reference to “A Guide for the Formation of an Audit Committee” published by the Hong Kong Institute of Certified Public Accountants, which sets out the authorities and duties of the Audit Committee. The Audit Committee of the Company provides an important link between the Board and the Company’s auditors for the audit matters of the Group. It also reviews the effectiveness of both external and internal audit, internal control and risk assessment. 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 has reviewed the interim results and the interim report of the Group for the six months ended 30 June 2016.

SHARE OPTION SCHEME

The Company has not approved any new share option scheme during the period ended 30 June 2016.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the period under review in the first half of 2016.

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 under review in the first half of 2016.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of 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 of The Stock Exchange of Hong Kong Limited to the internal operations of the Group. The corporate governance principles which the Company are complying emphasize on 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.

Since September 2015, as Ms. Sun Li, Chairman of the Board, was also appointed as Chief Executive Officer, such practice had deviated from the requirements of A.2.1 of the Code. The Board is of the view that, at the present stage, it is in the best interest of the Company that Ms. Sun Li should hold both positions as it will help to maintain the stability of the operations and future development of the Company. The Company has been recruiting candidates for the position of Chief Executive Officer through different channels so as to fulfill the requirements of A.2.1 of the Code as soon as practicable for increasing the transparency and independence of corporate governance.

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

Tianjin, the PRC
9 August 2016

* *for identification purpose only*

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

This report will remain at the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This report will also be published and remains on the website of the Company at www.bioteda.com.