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 2010

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

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

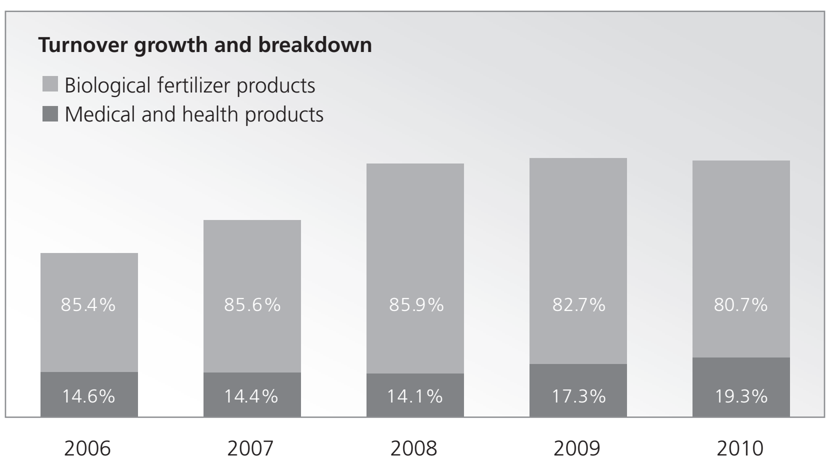
Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

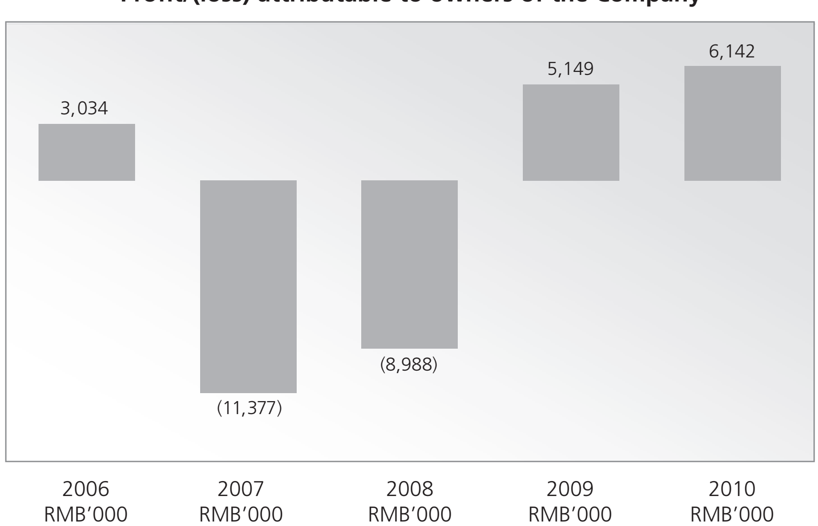
FINANCIAL HIGHLIGHTS

	For the year ended 31 December				
	2006	2007	2008	2009	**2010**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Results					
Turnover	270,639	327,955	422,512	432,000	**429,057**
Gross profit	43,625	50,639	66,563	85,747	**83,377**
Gross margin	16.12%	15.44%	15.75%	19.85%	**19.43%**
Profit/(loss) attributable to the shareholders	3,034	(11,377)	(8,988)	5,149	**6,142**
Earnings/(loss) per share	0.50 cents	(1.87) cents	(1.44) cents	0.46 cents	**0.43 cents**

	For the year ended 31 December				
	2006	2007	2008	2009	**2010**
	RMB'000	RMB'000	RMB'000	RMB'000	**RMB'000**
Assets & Liabilities					
Total assets	278,839	325,601	309,551	309,136	**309,073**
Total liabilities	208,097	266,607	224,996	150,432	**142,376**
Equity attributable to the shareholders	68,408	57,031	81,823	134,919	**141,061**



Profit/(loss) attributable to owners of the Company



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 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	**2010** **RMB**	2009 RMB
Turnover	2	**429,057,203**	432,000,259
Cost of sales		**(345,679,983)**	(346,253,026)
Gross profit		**83,377,220**	85,747,233
Other income and net gains		**4,278,717**	4,930,762
Selling and distribution costs		**(38,636,230)**	(39,006,107)
Administrative expenses		**(22,777,339)**	(28,731,194)
Research and development expenses		**(14,351,365)**	(11,520,084)
Finance costs	3	**(3,913,014)**	(6,734,851)
Profit before income tax expenses	4	**7,977,989**	4,685,759
Income tax credit/(expenses)	5	**15,261**	(611,214)
Profit and total comprehensive income for the year		**7,993,250**	4,074,545
Attributable to:			
Owners of the Company		**6,142,042**	5,148,779
Non-controlling interests		**1,851,208**	(1,074,234)
		7,993,250	4,074,545
Earnings per share – Basic (RMB)	8	**0.43 cents**	0.46 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Notes	**2010** RMB	2009 RMB
Non-current assets			
Property, plant and equipment		**101,111,320**	108,010,484
Goodwill		**3,133,932**	3,133,932
Available-for-sale financial assets		**3,000,000**	3,000,000
Prepaid land lease payments		**11,778,436**	5,503,972
Total non-current assets		**119,023,688**	119,648,388
Current assets			
Inventories		**69,984,901**	60,094,582
Trade and bills receivables	9	**50,186,307**	53,405,113
Prepayments and other receivables	10	**17,914,668**	33,405,081
Amount due from ultimate holding company		**18,261**	26,087
Restricted bank deposits		**4,953,000**	11,250,000
Bank balances and cash		**46,992,433**	31,306,768
Total current assets		**190,049,570**	189,487,631
Total assets		**309,073,258**	309,136,019
Current liabilities			
Trade and bills payables	11	**35,804,644**	46,440,698
Other payables and accruals		**24,000,746**	52,526,859
Government grants received in advance		**–**	1,903,500
Tax payable		**70,260**	1,060,604
Bank borrowings	12	**77,500,000**	48,500,000
Total current liabilities		**137,375,650**	150,431,661
Net current assets		**52,673,920**	39,055,970
Total assets less current liabilities		**171,697,608**	158,704,358
Non-current liabilities			
Bank borrowings	12	**5,000,000**	–
NET ASSETS		**166,697,608**	158,704,358
Capital and reserves attributable to owners of the Company			
Share capital	13	**142,000,000**	142,000,000
Reserves		**(939,429)**	(7,081,471)
Equity attributable to owners of the Company		**141,060,571**	134,918,529
Non-controlling interests		**25,637,037**	23,785,829
TOTAL EQUITY		**166,697,608**	158,704,358

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Share capital (Note 13) RMB	Share premium (Note 14(i)) RMB	Surplus reserve (Note 14(ii)) RMB	Capital reserve (Note 14(iii)) RMB	Accumulated losses RMB	Attributable to owners of the Company RMB	Non-controlling interests RMB	Total RMB
Balance as at 1 January 2009	**95,000,000**	**74,869,185**	**1,133,637**	**2,541,404**	**(91,721,701)**	**81,822,525**	**2,732,611**	**84,555,136**
Total comprehensive income for the year	–	–	–	–	5,148,779	5,148,779	(1,074,234)	4,074,545
Issue of shares	47,000,000	947,225	–	–	–	47,947,225	–	47,947,225
Additional contribution from non-controlling interests	–	–	–	–	–	–	22,127,452	22,127,452
Reversal of over provision to reserve in prior years	–	–	(137,471)	–	137,471	–	–	–
Balance as at 31 December 2009	**142,000,000**	**75,816,410**	**996,166**	**2,541,404**	**(86,435,451)**	**134,918,529**	**23,785,829**	**158,704,358**
Total comprehensive income for the year	–	–	–	–	6,142,042	6,142,042	1,851,208	7,993,250
Transfer to reserves	–	–	518,834	–	(518,834)	–	–	–
Balance as at 31 December 2010	**142,000,000**	**75,816,410**	**1,515,000**	**2,541,404**	**(80,812,243)**	**141,060,571**	**25,637,037**	**166,697,608**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EXPRESSED IN RENMINBI UNLESS STATED OTHERWISE)

1. Basis of preparation and adoption of new and revised standards

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules").

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention. History cost is generally based on the fair value of consideration given in exchange of goods.

(c) Adoption of new/revised HKFRSs – effective 1 January 2010

HKFRSs (Amendments)	Improvements to HKFRSs
Amendments to HKAS 39	Eligible Hedged Items
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners
HK Interpretation 5	Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs (Amendments)	Improvements to HKFRSs

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

HKFRS 3 (Revised) – Business Combinations and HKAS 27(Revised) – Consolidated and Separate Financial Statements

The revised accounting policies are described in the consolidated financial statements, which are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the consolidated financial statements as there has been no business combination transaction during the year.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost and any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year.

HKAS 17 (Amendments) – Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 has been amended in relation to the classification of leasehold land. Before the amendment to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the statement of financial position. The amendment to HKAS 17 has removed such a requirement and requires that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee. The Group concluded that the classification of such leases as operating leases continues to be appropriate. The Group concluded that the classification of such lesses as operating leases continues to be appropriate and therefore the adoption of revised HKAS17 has had no impact on the consolidated financial statements.

HK Interpretation 5 – Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Interpretation is a clarification of an existing standard, HKAS 1 Presentation of Financial Statements. It sets out the conclusion reached by the HKICPA that a term loan which contains a clause which gives the lender the unconditional right to demand repayment at any time shall be classified as a current liability in accordance with paragraph 69(d) of HKAS 1 irrespective of the probability that the lender will invoke the clause without cause. The adoption of revised HK Interpretation 5 has had no impact on the current and prior year consolidated financial statements.

(d) Issued new/revised HKFRSs that are potentially relevant to the Group but are not yet effective

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1&2]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets[3]
HKFRS 9	Financial Instruments[4]

1 Effective for annual periods beginning on or after 1 July 2010

2 Effective for annual periods beginning on or after 1 January 2011

3 Effective for annual periods beginning on or after 1 July 2011

4 Effective for annual periods beginning on or after 1 January 2013

HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

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

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

2. Turnover

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

	2010	2009
	RMB	RMB
Fertiliser products	**346,047,210**	357,084,657
Health care products	**83,009,993**	74,915,602
	429,057,203	432,000,259

Segment information

Operating segments are reported in a manner consistent with the internal reporting, in accordance with the Group's internal organisation and reporting structure, provided to the chief operating decision-maker to make strategic decisions.

The Group has two reportable segments. The segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

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

Segment profit represents the profit earned by each segment without allocation of central administrative costs, directors' salaries, investment income and finance costs.

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

Segment revenue and results
For the year ended 31 December 2010

	Health care products RMB	**Fertiliser products RMB**	**Elimination RMB**	**Total RMB**
Sales to external customers	**83,009,993**	**346,047,210**	**–**	**429,057,203**
Inter-segment sales	**39,830**	**15,790,847**	**(15,830,677)**	**–**
Total	**83,049,823**	**361,838,057**	**(15,830,677)**	**429,057,203**
Segment results	**36,040,259**	**47,336,961**	**–**	**83,377,220**
Other income and net gains	**979,020**	**3,276,205**	**–**	**4,255,225**
Unallocated other income and net gains				**23,492**
Total income and net gains			**–**	**4,278,717**
Selling and distribution costs	**(20,812,502)**	**(17,823,728)**	**–**	**(38,636,230)**
Administrative expenses	**(9,361,955)**	**(13,415,384)**	**–**	**(22,777,339)**
Research and development expenses	**(3,345,517)**	**(11,005,848)**	**–**	**(14,351,365)**
Finance costs	**(1,401,275)**	**(2,511,739)**	**–**	**(3,913,014)**
Profit before income tax expenses				**7,977,989**

Segment revenue and results

For the year ended 31 December 2009

	Health care products RMB	Fertiliser products RMB	Elimination RMB	Total RMB
Sales to external customers	74,915,602	357,084,657	–	432,000,259
Inter-segment sales	–	23,539,542	(23,539,542)	–
Total	74,915,602	380,624,199	(23,539,542)	432,000,259
Segment results	36,630,461	49,116,772	–	85,747,233
Other income and net gains	1,056,272	3,581,184	–	4,637,456
Unallocated other income and net gains				293,306
Total income and net gains				4,930,762
Selling and distribution costs	(23,100,714)	(15,905,393)	–	(39,006,107)
Administrative expenses	(15,706,862)	(13,024,332)	–	(28,731,194)
Research and development expenses	(3,070,894)	(8,449,190)	–	(11,520,084)
Finance costs	(3,526,482)	(3,208,369)	–	(6,734,851)
Profit before income tax expenses				4,685,759

Segment assets and liabilities

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

	2010 RMB	2009 RMB
Segment assets		
Health care products	**65,329,944**	47,291,558
Fertiliser products	**243,725,053**	261,208,374
Segment assets	**309,054,997**	308,499,932
Unallocated	**18,261**	636,087
Consolidated total assets	**309,073,258**	309,136,019

	2010	2009
	RMB	RMB
Segment liabilities		
Health care products	**50,289,368**	21,046,412
Fertiliser products	**88,397,024**	124,903,247
Segment liabilities	**138,686,392**	145,949,659
Unallocated	**3,689,258**	4,482,002
Consolidated total liabilities	**142,375,650**	150,431,661

Other segment information included in segment profit or segment assets

For the year ended 31 December 2010

	Health care products	Fertiliser products	Total
	RMB	**RMB**	**RMB**
Reversal of provision of obsolete stock	**(859,920)**	**(1,523,354)**	**(2,383,274)**
Allowance/(reversal) for impairment loss on			
– Trade receivables	**29,292**	**499,957**	**529,249**
– Other receivables	**42,701**	**(4,532)**	**38,169**
Amortisation of prepaid land lease payments	**–**	**320,437**	**320,437**
Depreciation	**1,169,276**	**7,988,590**	**9,157,866**
Additions to non-current assets	**635,461**	**8,308,271**	**8,943,732**
Loss/(gain) on property, plant and equipment	**88,979**	**(5,287)**	**83,692**

For the year ended 31 December 2009

	Health care products RMB	Fertiliser products RMB	Total RMB
Reversal of provision of obsolete stock	–	(265,304)	(265,304)
Allowance/(reversal) for impairment loss on			
– Trade receivables	270,087	(1,620,878)	(1,350,791)
– Other receivables	(145,298)	176,282	30,984
Write off other receivables	610,000	–	610,000
Amortisation of prepaid land lease payments	–	312,661	312,661
Depreciation	1,872,489	7,546,228	9,418,717
Additions to non-current assets	1,191,371	9,089,804	10,281,175
Loss on property, plant and equipment	17,173	35,680	52,853

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 2010 and 2009, the revenue from the Group's largest customer amounted to less than 10 per cent of the Group's total revenue.

3. Finance costs

	2010 RMB	2009 RMB
Finance costs		
Interest expense on bank borrowings wholly repayable within five years	**3,913,014**	6,734,851

4. Profit before income tax expenses

	2010	2009
	RMB	RMB
Profit before income tax expenses is arrived after charging/(crediting):		
Auditor's remuneration	**841,100**	788,180
Cost of inventories sold	**345,679,983**	346,253,026
Depreciation on property, plant and equipment	**9,157,866**	9,418,717
Amortisation of prepaid land lease payments	**320,437**	312,661
Allowance/(reversal) for impairment losses on:		
– Trade receivables	**529,249**	(1,350,791)
– Other receivables	**38,169**	30,984
Write off other receivables	**–**	614,000
Loss on disposal of property, plant and equipment, net	**83,692**	52,853
Recovery on/(uncollectible) amounts written off other receivables	**573,658**	(2,799,456)
Operating lease rentals – land and buildings	**2,791,863**	2,300,997
Staff costs (including emoluments of directors and supervisors):		
– Salaries and allowances	**29,051,326**	29,307,779
– Pension fund contribution	**2,186,302**	1,948,379
	31,237,628	31,256,158

5. Income tax expenses

(a) Enterprise income tax ("EIT")

In accordance with the new PRC Enterprise Income Tax Law which became effective from 1 January 2008, a unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to 16 March 2007 eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until 2012. Accordingly, the Company and Shandong Hidersun Fertilizer Industry Co., Ltd. can continue to enjoy the preferential tax rates during the transitional period and are subject to EIT rate of 22% for the year (2009: 20%).

The Company did not provide for any EIT since there was no taxable income for the year (2009: nil).

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

On 8 June 2009, Tianjin Alpha Health Care Products Co. Ltd. was approved as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15% (2009: 15%) for the period from 8 June 2009 to 7 June 2012.

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

	2010	2009
	RMB	RMB
Profit before income tax expenses	**7,977,989**	4,685,759
Calculated at statutory rate of 25% (2009: 25%)	**1,994,497**	1,171,440
Tax effect of non-taxable items	**(445,288)**	(720,079)
Tax effect of expenses not deductible for taxation purposes	**726,838**	1,939,360
Utilisation of tax losses previously not recognised	**(847,380)**	(738,327)
Tax rate differential	**(635,305)**	(487,928)
Over provision in prior years	**(808,623)**	(553,252)
Income tax (credit)/expenses	**(15,261)**	611,214

(b) Deferred taxation

At 31 December 2010, the Group and the Company have unused tax losses of RMB9,348,000 and RMB9,348,000 respectively (2009: RMB12,508,000 and RMB11,944,000) available for offset against future profits which would expire within five years since the respective years in which the tax losses were incurred. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. All unused tax losses will be expired after five years since their date of incurrence.

6. Profit attributable to owners of the company

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of a profit of RMB2,497,444 (2009: loss of RMB1,972,093).

7. Dividend

No dividend has been paid or declared by the Company since its establishment.

8. Earnings per share

The calculation of earnings per share is based on the Group's profit attributable to owners of the Company of RMB6,142,042 (2009: RMB5,148,779), divided by the weighted average number of shares of 1,420,000,000 (2009: 1,121,260,274) shares.

Diluted earnings per share is not presented as there are no dilutive potential ordinary shares outstanding during the years of 2010 and 2009.

9. Trade and bills receivables

	Group 2010 RMB	2009 RMB
Trade receivables (note (a))	**54,529,101**	58,462,088
Less: Allowance for doubtful debts (note (c))	**(4,842,794)**	(5,306,975)
	49,686,307	53,155,113
Bills receivables	**500,000**	250,000
	50,186,307	53,405,113

Notes:

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

	Group 2010 RMB	2009 RMB
Within 3 months	**30,931,209**	28,607,503
Between 3 to 6 months	**13,668,315**	15,827,777
Between 6 to 12 months	**3,957,368**	6,632,363
Over 1 year	**5,972,209**	7,394,445
	54,529,101	58,462,088

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

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

	Group 2010 RMB	2009 RMB
At 1 January	**5,306,975**	6,939,070
Additional/(reversal) of allowance provided in prior years	**529,249**	(1,350,791)
Uncollectible amounts written off	**(993,430)**	(281,304)
At 31 December	**4,842,794**	5,306,975

(d) 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.

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

	Group	
	2010	2009
	RMB	RMB
Neither past due non impaired	**22,835,614**	25,513,912
Within 3 months	**11,450,923**	9,910,600
Between 3 to 6 months	**12,950,505**	10,218,022
Between 6 to 12 months	**1,937,143**	5,492,271
Over 1 year	**512,122**	2,020,308
	49,686,307	53,155,113

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

10. Prepayments and other receivables

	2010		2009	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
Other receivables	**5,511,285**	**1,995,977**	6,886,158	1,892,870
Less: allowance for doubtful debts (note a)	**(1,918,617)**	**(1,492,004)**	(1,306,790)	(754,815)
	3,592,668	**503,973**	5,579,368	1,138,055
Deposits and prepayments	**14,322,000**	**206,173**	27,825,713	102,675
	17,914,668	**710,146**	33,405,081	1,240,730

(a) Allowance for doubtful debts

	2010		2009	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
At 1 January	**1,306,790**	**754,815**	4,075,262	2,829,974
Additional allowance	**38,169**	**(18,770)**	30,984	(59,731)
Recovery on/(uncollectible) amounts written off	**573,658**	**755,959**	(2,799,456)	(2,015,428)
At 31 December	**1,918,617**	**1,492,004**	1,306,790	754,815

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

11. Trade and bills payables

	2010		2009	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
Trade payables	**19,294,644**	**26,918**	8,940,698	26,918
Bills payables	**16,510,000**	**–**	37,500,000	–
	35,804,644	**26,918**	46,440,698	26,918

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

	2010		2009	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
Within 3 months	**30,653,797**	**–**	29,986,108	–
Between 3 to 6 months	**1,459,917**	**–**	13,733,871	–
6 months to 12 months	**3,021,015**	**–**	2,279,280	–
Over one year	**669,915**	**26,918**	441,439	26,918
	35,804,644	**26,918**	46,440,698	26,918

12. Bank borrowings

	2010		2009	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
Secured against property, plant and equipment and inventories (note (i))	**40,500,000**	**–**	21,500,000	–
Unsecured (note (ii))	**42,000,000**	**8,000,000**	27,000,000	10,000,000
	82,500,000	**8,000,000**	48,500,000	10,000,000

The above bank borrowings include portions of term loans due for repayment after one year, however, as these term loans contain repayment on demand clause, the entire amount is classified as current liabilities. The bank borrowings based on the agreed terms of repayment granted by banks are as follows:

	2010		2009	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
On demand or within one year	**77,500,000**	**8,000,000**	48,500,000	10,000,000
After one year but within two years	**5,000,000**	**–**	–	–
	82,500,000	**8,000,000**	48,500,000	10,000,000

Notes:

(i) Secured against property, plant and equipment and inventories with a total carrying amount of about RMB92 million (2009: RMB46 million).

(ii) Unsecured loans are guaranteed as follows:

	2010		2009	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
Guarantees were provided by:				
– The Company	**34,000,000**	**–**	3,000,000	–
– Two subsidiaries of the Company	**8,000,000**	**8,000,000**	24,000,000	10,000,000
	42,000,000	**8,000,000**	27,000,000	10,000,000

(iii) The bank borrowings of the Group bear interest at floating effective interest rate ranging from 5.3% to 7.0% (2009: 5.3% to 9.8%) per annum.

13. Share capital

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

	2010		2009	
	Number (million)	**RMB (million)**	Number (million)	RMB (million)
Ordinary shares of RMB 0.1 each:				
Domestic shares				
Beginning of year	**715**	**71**	245	24
Issue for cash during the year	**–**	**–**	470	47
End of year	**715**	**71**	715	71
H shares				
Beginning and end of year	**705**	**71**	705	71
Total, end of year	**1,420**	**142**	1,420	142

Domestic shares and H shares are both ordinary shares in the share capital of the Company. However, H shares may only be subscribed for by, and traded in Hong Kong dollars between legal and natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC. Domestic shares on the other hand, may only be subscribed for by, and traded between legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in Renminbi. All dividends in respect of H shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in Renminbi. Other than the above, all domestic shares and H shares rank pari passu with each other in all respects and rank equally for all dividends or distributions declared, paid or made.

On 21 August 2009, the Company issued and allotted a total of 470,000,000 new domestic shares to the subscribers at RMB0.1023 each.

(b) Movements in reserves are set out in the consolidated statement of changes in equity.

(c) No share options had been granted by the Company under its share option scheme (the "Scheme") since its adoption. At 31 December 2010, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2009: nil).

14. Reserves

	Share premium RMB (note(i))	**Capital reserve** RMB (note(iii))	**Accumulated losses** RMB	**Total** RMB
The Company				
At 1 January 2009	74,869,185	(2,312,483)	(84,984,102)	(12,427,400)
Issue of shares	947,225	–	–	947,225
Total comprehensive income for the year	–	–	(1,972,093)	(1,972,093)
At 31 December 2009	75,816,410	(2,312,483)	(86,956,195)	(13,452,268)
Total comprehensive income for the year	–	–	2,497,444	2,497,444
At 31 December 2010	75,816,410	(2,312,483)	(84,458,751)	(10,954,824)

(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 were 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 nondistributable and can be used to make up losses or to increase share capital. Except for the reduction of losses incurred, other usage should not result in the statutory surplus reserve falling below 25% of the registered capital.

(iii) Capital reserve

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the year ended 31 December 2010, the major businesses of the Group were biological compound fertilizer products and medical and health products, which in aggregate achieved an annual sales of RMB429,057,000, representing a slight decrease of 0.68% as compared to last year. In particular, the Group recorded an annual sales of RMB346,047,000 for compound fertilizer products, representing a slight decrease of 3.1% as compared to last year. For the year ended 31 December 2010, the sales income of medical and health care products, with ALPHA series as its flagship health food products, amounted to RMB83,010,000, representing an increase of 10.8% as compared to last year.

The Company issued an announcement titled "Continuing Connected Transactions" on 2 June 2010, stating that The Company as lessee entered into a new tenancy agreement with Tianjin TEDA International Incubator ("TTII"), a substantial shareholder of the Company, as lessor on 2 June 2010 and the annual rental payment for the financial year ended 31 December 2010 would be RMB326,268. Tianjin Alpha HealthCare Products Co., Ltd, a non-wholly owned subsidiary of the Company as lessee entered into a new tenancy agreement with TTII as lessor on 2 June 2010 and the annual rental payment for the financial year ended 31 December 2010 would be RMB1,789,344. As TTII is a controlling shareholder of the Company, it is also a connected person of the Company within the meaning of the GEM Listing Rules, thus the Tenancy Agreements constitute continuing connected transactions for the Company under the GEM Listing Rules. Given that the relevant Percentage Ratios of the transactions on an aggregate basis are all less than 2.5% on an annual basis, the Tenancy Agreements fall within the threshold for exempted continuing connected transaction under Rule 20.34 of the GEM Listing Rules and are subject to the reporting and announcement requirements under Rules 20.45 to 20.47 of the GEM Listing Rules and exempted from independent Shareholders' approval requirements.

The Company issued an announcement titled "Proposed Issue of Domestic Shares, Proposed Specific Mandate and Proposed Amendment to the Articles of Association" on 15 June 2009, and a circular titled "Proposed Issue of Domestic Shares, Proposed Specific Mandate, Proposed Amendment of Articles of Association and Notice of Extraordinary General Meeting" on 24 June 2009. On 8 February 2010, the Company was issued a new business license for the change of registration details by the administration for industry and commerce, and the issue of domestic shares was duly completed.

Operating Environment

In the first half of 2010, the domestic compound fertilizer demand shrank significantly. The peak season anticipated to come after the Spring Festival failed to come under the sluggish market demand and the impact of the low raw material prices. The severe large-scale drought in Southwestern China and the abnormal low temperature in Northern and Middle China severely battered the agriculture. All the unfavorable factors adversely impacted the market confidence. Distributors and end users became cautious and conservative, making it more difficult to expand the fertilizer product market. At the early third quarter of 2010, only about half of the domestic enterprises in the compound fertilizer industry were under operation, and the market only recovered until the mid or late third quarter when the market confidence resumed.

Though a rapid growth in the population of diabetic is witnessed in China, the domestic development of diabetic health food was slow, the scale and the maturity of the development of the industry lag far behind as compared with the diabetic health food industry in western developed countries. There is not much choice for diabetic health food in the domestic market. Data shows that in 2004, among all the approved health food in China, 241 were blood sugar regulators, representing only 4.2% of all the health food, and there were only few well-known brands of diabetic health food that enjoyed strong position in the market.

Sales and Financial Highlights

For the year ended 31 December 2010, the Company recorded a slight decrease in the sales of biological compound fertilizer products and experienced steady growth in the sales of medical and health products. Total turnover of the Group was approximately RMB429,057,000 (excluding other revenue), representing a slight decrease of 0.68% as compared to 2009.

As at 31 December 2010, the steady expansion of the distribution networks of compound fertilizers in different provinces, cities and autonomous regions in China has contributed to the Group's turnover of approximately RMB34,605 million and to the Group's sales gross profit of RMB4,738 milllion. Gross profit margin of compound fertilizer products decreased to 13.7%, while the overall gross profit margin of the Group slightly decreased from 19.85% in 2009 to 19.43% in 2010. The Group will further optimize its product structure and develop new products for raising the share of the Group's products with high gross profit margin.

In 2010, the profit attributable to the shareholders of the Group increased from RMB5.15 million in 2009 to RMB6.14 million, which was mainly attributable to the Group's stringent budget control over expenses, and the significant decrease in the administrative expenses and finance expenses, notwithstanding the increase in the R&D expenses and the slight decrease in the sales and distribution costs.

Production and Research and Development

To diversify the Group's "Fulilong" compound fertilizer products and enhance our market competitiveness, the Group improved its manufacturing technique on the slow controlled release fertilizers, and developed new products, such as soil conditioner and water soluble fertilizer which have been launched into the market after trial production.

The subsidiary of the Group in Shandong that applied for three patents for its manufacturing techniques was issued with patent certificates by State Intellectual Property Office of the People's Republic of China in January 2010. According to the preferential policies of the local government on the protection of intellectual properties, our subsidiary in Guangdong applied for and obtained the incentive fund of the government for the research and development work of patent pilot enterprises.

Based on the current status of development of the agricultural industry in China, the Group met the end users throughout the country several times during the year under review for the of fertilizer and provided market oriented agricultural services by, such as, offering guidance on the application of fertilizers with soil testing formulae.

In terms of the health product business, the Group also adhered to the development strategy that focused on the management fundamental and the improvement of innovation capability. The Group also carried out innovation activities in the manufacturing and technical departments and established a mechanism for benign competition. In particular, certain innovation projects in relation to production and technology are under trial operation at present. During the period under review, the Group developed several new sugar-free products, which have commenced production and have been launched into the domestic market.

Name and Address Changes of A Subsidiary

As from 3 November 2010, our subsidiary in Shandong, Shandong Fulilong Fertilizer Co. LTD. changed its name to Shandong Hidersun Fertilizer Industry Co., LTD., and meanwhile, its original business address was changed from Shandong Jingle Economic Development Zone to Shouyangshan Road 1007, Changle, Shandong in accordance with the requirements in the Notice of Changle County People's Government Office on Enhancing the Administration on the Situation of the Buildings (Le Zheng Ban Fa [2008] No.148) (《昌樂人民政府辦公室關於加強房屋坐落規範管理的通知》(樂正辦發[2008]148號)), while the actual production and business locations remained unchanged.

Financial Status and Capital Structure

In 2010, the profit attributable to the shareholders of the Group increased from RMB5.15 million to RMB6.14 million. Finance costs significantly decreased by 41.90%, while the general and administrative expenses significantly decreased by 20.72% compared to the corresponding period in 2009. Research and development expenses increased by 24.58% as compared with the corresponding period in 2009, which was mainly attributable to the significant increase in research and development expenses of the Group.

The Group's capital structure as at 31 December 2010 was as follows: total assets amounted to RMB309.07 million; current assets, fixed assets, investments and other non-current assets accounted for 61.49%, 32.71%, 0.97% and 4.83% of the total assets, respectively.

Future Outlook

According to the report published by the International Fertilizer Association (IFA), due to the rebounding momentum of the global demand and low stock inventory, the rate of operation of the global fertilizer industry is expected to reach an unprecedented peak, thus continuing to drive the recovery of the global fertilizer market in 2011. As the excessive production capacity will be gradually occupied, production enterprises will have higher obligations in terms of environmental protection and provide better agricultural services, this will drive the global supply and consumption of fertilizer products into a new level. According to the analysis results on the population and fertilizer consumption of all the countries in the world, fertilizer consumption is positively related to the population of a country. China is undoubtedly a large country in terms of fertilizer consumption. The preliminary development focus of the 12th Five-Year Plan for the fertilizer industry in China has been established. It is forecast that the demand for fertilizer products will continue to grow during the 12th Five-Year Period and before 2020. One of the development objectives for the fertilizer industry during the 12th Five-Year Period is to focus on the development of slow controlled release fertilizer and special and functional fertilizers, irrigation fertilizers suitable for water-saving agriculture, as well as new fertilizer products and various special fertilizers, such as liquid fertilizers that are manufactured by the combination of water and fertilizer. Such objective allows the Group to have a clear direction of its fertilizer business.

According to China Health Care Association, the output value of the healthcare industry accounted for approximately 2% of the GDP in China in the past few years, which is lower than that in many developing countries, and lags far behind as compared with the average percentage of 15% in the developed countries. The average expenses spent by the customers in Europe and the USA on healthcare products accounted for more than 2% of their total expenses, as compared to only 0.07% in China. Currently, the purchasing potential of healthcare products in China amounted to RMB 800 billion, while the sales is only approximately RMB 200 billion. The expenditure per capita on healthcare products in China is only 1/20 of that in America and 1/15 in Japan, reflecting the bright prospects and vast development potential of the healthcare products. In particular, the sugar-reducing healthcare food market expects a brighter prospect than others.

Segmental information

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

The results of the Group by segments for the year ended 31 December 2010 and the year ended 31 December 2009 are disclosed in Note 2 to the accompanying accounts.

Liquidity, financial resources and gearing ratio

During 2010, the Group financed its operations mainly by internally generated cash, banking facilities and placing of its shares.

As at 31 December 2010, the Group's consolidated shareholders' liquidity, current assets and net current assets were about RMB166,697,608 (2009: RMB158,704,358), RMB190,049,570 (2009: RMB189,487,631) and RMB52,673,920 (2009: RMB39,055,970) respectively. The Group's current assets as at 31 December 2010 comprised mainly cash and bank balances of RMB51,945,433 (31 December 2009: RMB42,556,768), trade receivables of RMB50,186,307 (31 December 2009: RMB53,405,113) and inventories of RMB69,984,901 (31 December 2009: RMB60,094,582).

As at 31 December 2010, the total bank borrowings of the Group amounted to RMB82,500,000 (31 December 2009: RMB48,500,000). The bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed interest rates ranging from 5.3% to 7.0% (31 December 2009: 5.3% to 9.8%) per annum. Of the bank borrowings, a total amount of RMB18,000,000 will mature in December 2011, a total amount of RMB15,000,000 will mature in September 2011, a total amount of RMB13,500,000 will mature in April 2011.

As at 31 December 2010, the Group's gearing ratio, defined as the ratio of total bank borrowings to total assets, was 0.27 (31 December 2009: 0.16). The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 1.38 (31 December 2009: 1.26).

Completion of the issue of domestic shares and Proposed Amendment to the Articles of Association

The Company issued the announcement of "Proposed Issue of Domestic Shares Proposed Specific Mandate and Proposed Amendment to the Articles of Association" on 15 June 2009, and issued a circular "Proposed Issue of Domestic Shares, Proposed Specific Mandate, Proposed Amendment to the Articles of Association and Notice of Extraordinary General Meeting" on 24 June 2009. The Company also proposed to amend the Articles of Association of the Company to reflect and update the details of the shareholding structures of the Company upon the completion of the subscription. The Company was issued a new business license by the administration for industry and commerce on 9 February 2010. All the conditions for completion of the said subscription agreement were duly fulfilled and the issue of domestic shares was completed.

Employees and remuneration policies

As at 31 December 2010, the Group had 715 employees (2009: 699 employees). Remunerations of the Group's employees are determined in accordance with government policies and by reference to market terms and the performance, qualifications and experience of employees. Discretionary bonuses are paid to employees depending on individual performance as recognition of and reward for their contribution. 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.

Pledge of assets

The restricted bank deposits of RMB4,953,000 (2009: RMB11,250,000) were denominated in RMB and pledged to secure the Group's and the Company's credit facilities granted by banks.

Treasury Policy

The Group's bank borrowings are denominated in Renminbi and are usually renewed for one year upon maturity. Any surplus cash will be placed as deposits with licensed banks in China.

Capital commitments

At the end of reporting period, the Group had the following significant capital commitments:

	Group	
	2010	2009
	RMB	RMB
Authorised and contracted for		
– Acquisition of plant and machinery	**174,964**	13,755,040

Contingent liabilities

The Company guaranteed the banking facilities granted to certain of its subsidiaries amounting to RMB34 million (2009: RMB3 million).

As at 31 December 2010, all (2009: all) the above banking facilities granted were utilised.

Directors' and Supervisors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2010, the interests of the directors and supervisors of the Company and their respective associates in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) were as follows:

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

	Number of shares held and nature of interests					Percentage of the issued share capital
Directors	**Personal** (Note)	**Family**	**Corporate**	**Other**	**Total**	**capital**
Mr. Xie Kehua	9,000,000	–	–	–	9,000,000	0.63%

Notes: All represented domestic shares.

Save as disclosed in this paragraph, as at 31 December 2010, 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 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 acquire benefits by means of the acquisition of shares in the Company.

Substantial Shareholders

As at 31 December 2010, the following persons (other than the directors and the supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

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

Name of shareholders	Capacity	Number of ordinary shares	Percentage of the issued share capital
Tianjin TEDA International Incubator ("Incubator")	Beneficial owner	200,000,000 (Note1)	14.08%
Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment")	Beneficial owner	180,000,000 (Note2)	12.68%
Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers")	Beneficial owner	170,000,000 (Note3)	11.97%
Dongguan Lvye Fertilizers Company Limited ("Lvye Fertilizers")	Beneficial owner	120,000,000 (Note4)	8.45%

Notes: 1, 2, 3, 4 represented domestic shares.

Save as disclosed above, as at 31 December 2010, 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 and 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 2010, none of the directors, the supervisors, or the management shareholders and their respective associates (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules") of the Company competes or may compete with the business of the Group or has or may have any other conflicts of interest with the Group required to be disclosed pursuant to the GEM Listing Rules.

Purchase, Sale or Redemption of Securities

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year.

Share Option Scheme

Pursuant to the Company's share option scheme (the "Scheme") conditionally approved by a resolution of the shareholders of the Company dated 25 May 2002, the Company may grant options to full-time key employees of the Group to subscribe H Shares in the Company subjected to the terms and conditions stipulated therein. The Scheme is conditional on (i) the China Securities Regulatory Commission or other relevant government authorities in China granting approval of the Scheme and any options which may be granted thereunder and the issuing of the new shares upon an exercise of the options granted under the Scheme; and (ii) the GEM Listing committee of the Stock Exchange granting approval of the Scheme and any options which may be granted thereunder and the listing of and permission to deal in any Shares which may be issued pursuant to the exercise of options granted under the Scheme.

The Model Code

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

Audit Committee

The written terms of reference which describe the authority and duties of the Audit Committee of the Company were prepared and adopted with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The Audit Committee of the Company provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group audit. It also reviews the effectiveness of both the external and internal audit and the internal controls and risk evaluation. The Audit Committee of the Company comprises three non-executive independent Directors, namely Professor Xian Guoming, Mr. Wu Chen and Mr. Guan Tong.

Four meetings were held during the current financial year, to review the financial statements of the Company.

The Audit Committee of the Company has reviewed the audited results of the Group for the period under review and has provided advice and comments thereon.

Corporate Governance Practices

The Company has endeavored to apply the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the GEM Listing Rules to the internal operations of the Group. Except the deviation disclosed in this announcement, in the opinion of the Board, the Company has complied with all the provisions of the Code during the period under review.

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

Tianjin, the PRC
10 March 2011

As at the date of this announcement, the Board comprises of three executive Directors, being Mr. Wang Shuxin, Mr. Xie Kehua and Mr. Hao Zhihui; three non-executive Directors, being Mr. Feng Enqing, Mr. Xie Guangbei and Mr. Wei Jingquan and three independent non-executive Directors, being Mr. Cao Kai, Mr. Wu Chen and Mr. Guan Tong.

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