



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)



INTERIM REPORT 2013



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The information set out in this report, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited collectively and individually accept full responsibility, is given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Tianjin TEDA Biomedical Engineering Company Limited. The directors of Tianjin TEDA Biomedical Engineering Company Limited, 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 2013 amounted to RMB319,365,053, representing a decrease of 0.85% as compared to the same period of last year (30 June 2012: RMB322,093,399).
- Consolidated gross profit of the Group for the six months ended 30 June 2013 amounted to RMB64,871,303, representing an increase of 27.36% as compared to the same period of last year (30 June 2012: RMB50,934,196).
- Profit attributable to the equity owners of the Company for the six months ended 30 June 2013 was RMB12,172,846 (30 June 2012: RMB2,705,483); the earnings per share of the Company was RMB0.86 cents (30 June 2012: RMB0.19 cents).
- The Board does not recommend the payment of dividend for the six months ended 30 June 2013.

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 2013, together with the comparative figures of the corresponding period in 2012 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2013 (Unaudited) RMB	2012 (Unaudited) RMB	2013 (Unaudited) RMB	2012 (Unaudited) RMB
Turnover	2	319,365,053	322,093,399	147,221,412	179,961,830
Cost of sales		(254,493,750)	(271,159,203)	(118,201,086)	(152,378,277)
Gross profit		64,871,303	50,934,196	29,020,326	27,583,553
Other income and net gains		533,682	485,548	548,519	438,647
Selling and distribution costs		(19,784,481)	(21,578,391)	(9,304,971)	(11,182,689)
R&D and administrative expenses		(29,704,962)	(23,615,943)	(16,722,720)	(13,654,729)
Finance costs	3	(2,970,385)	(3,505,754)	(1,079,035)	(1,675,814)
Profit before taxation		12,945,157	2,719,656	2,462,119	1,508,968
Income tax	5	(553,424)	(18,421)	(510,164)	(18,421)
Profit and comprehensive income for the period		12,391,733	2,701,235	1,951,955	1,490,547
Attributable to:					
Owners of the Company		12,172,846	2,705,483	1,902,555	1,605,286
Non-controlling interests		218,887	(4,248)	49,400	(114,739)
		12,391,733	2,701,235	1,951,955	1,490,547
Earnings per share – Basic (RMB)		0.86 cents	0.19 cents	0.13 cents	0.11 cents

CONDENSED CONSOLIDATED BALANCE SHEET

	Notes	30 June 2013 (Unaudited) RMB	31 December 2012 (Audited) RMB
Non-current assets			
Property, plant and equipment		79,807,673	81,863,801
Goodwill		3,133,932	3,133,932
Prepaid land lease payments		16,240,640	16,676,746
Prepayment and other receivables		345,729	375,729
Total non-current assets		99,527,974	102,050,208
Current assets			
Inventories		89,406,775	98,208,640
Trade and bills receivables	8	162,151,186	123,621,119
Prepayments and other receivables	9	23,354,124	55,037,803
Restricted bank deposits		–	16,712,100
Bank balances and cash		19,891,808	23,345,651
Assets classified as held for sale		294,803,893 –	316,925,313 3,000,000
Total current assets		294,803,893	319,925,313
Total assets		394,331,867	421,975,521
Current liabilities			
Trade and bills payables	10	62,308,155	67,495,807
Other payables and accruals	11	11,701,332	60,879,122
Tax payable		2,001,287	7,671,232
Bank borrowings		103,300,000	83,300,000
Total current liabilities		179,310,774	219,346,161
Net current assets		115,493,119	100,579,152
Total assets less current liabilities		215,021,093	202,629,360

	Notes	30 June 2013 (Unaudited) RMB	31 December 2012 (Audited) RMB
Non-current liabilities			
Bank borrowings		–	–
Net Assets		215,021,093	202,629,360
Capital and reserves attributable to owners of the Company			
Share capital	12	142,000,000	142,000,000
Reserves		50,228,709	38,055,863
Equity attributable to owners of the company		192,228,709	180,055,863
Non-controlling interests		22,792,384	22,573,497
Total equity		215,021,093	202,629,360

CONDENSED CONSOLIDATED CASH STATEMENT

	For the six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB	RMB
Cash flows from operating activities		
Cash used in operation	(16,078,405)	7,440,955
Interests received	186,759	29,455
Income tax paid	(5,603,536)	(1,164,897)
Interests paid	(3,421,419)	(3,839,751)
Net cash used in operating activities	(24,916,601)	2,465,762
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,665,242)	(5,303,293)
Disposal of subsidiaries	3,100,000	–
Sales of property, plant and equipment	28,000	158,200
Net cash used in investing activities	1,462,758	(5,145,093)
Cash flows from financing activities		
Proceeds from short-term/long-term bank borrowing	64,000,000	32,500,000
Repayment of short-term bank borrowings	(44,000,000)	(42,000,000)
Payment of guarantee fee on bank borrowings	–	115,000
Proceeds from placing of new H shares	–	–
Net cash used in financing activities	20,000,000	(9,615,000)
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(3,453,843)	(12,294,331)
CASH AND BANK BALANCES AT THE BEGINNING OF THE PERIOD	23,345,651	32,336,570
CASH AND BANK BALANCES AT THE END OF THE PERIOD	19,891,808	20,042,239

Notes:

1. BASIS OF PRESENTATION

The financial statements have been prepared on a going concern basis, assuming that the Group will continue to operate as a going concern, notwithstanding the fact that the Group suffered accumulated losses of RMB32,733,752 as at 30 June 2013. The validity of the Group's ability to continue as a going concern depends on the success of the Group's future operations and the ability of the Group to renew or replace the banking facilities as they fall due. Consequently, the directors have prepared the unaudited half yearly results for the six months ended 30 June 2013 on the going concern basis.

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"). 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 2012.

2. TURNOVER

The Group's turnover is derived principally from the sales of fertilizer products and medical and health products.

An analysis of the Group's turnover by segments is as follows:

	For the six months ended 30 June		For the three months ended 30 June	
	2013	2012	2013	2012
	RMB	RMB	RMB	RMB
Turnover				
Fertilizer products	279,634,283	289,180,471	128,694,382	165,417,040
Health care products	39,730,770	32,912,928	18,527,030	14,544,790
	319,365,053	322,093,399	147,221,412	179,961,830

3. FINANCE EXPENSE

	For the six months ended 30 June		For the three months ended 30 June	
	2013	2012	2013	2012
	RMB	RMB	RMB	RMB
Interest expense on bank loans and bank charges	2,970,385	3,505,754	1,079,035	1,675,814
	2,970,385	3,505,754	1,079,035	1,675,814

4. LOSS BEFORE TAX

	For the six months ended 30 June	
	2013	2012
	RMB	RMB
Depreciation of property, plant and equipment	3,388,085	3,892,041
Amortization of intangible asset	218,053	248,795
Amortization of goodwill	—	—

5. TAXATION

(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 Co. LTD. ("SD Hidersun") are subject to EIT rate of 25% for the year (2012: 25%).

The Company has not provided for any EIT (2012: nil) since it has no taxable income for the period.

On 8 June 2010, Tianjin Alpha HealthCare Products Co., Ltd ("Alpha"), was approved as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15% for the period from 8 June 2010 to 7 June 2012. Alpha was subject to EIT rate of 25% for the year (2012:15%).

SD Hidersun has not provided for any EIT since it has no taxable income for the period (2012: nil).

On 27 February 2012, Guangdong Fulilong Compound Fertilizers Co., Ltd. ("GD Fulilong") was approved as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15% (2012: 15%).

(b) Income tax expense

	For the six months ended 30 June	
	2013	2012
	RMB	RMB
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	553	18

The income tax charge in Hong Kong is Nil for the period ended 30 June 2013 (June 2012: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB553,424 for the period ended 30 June 2013 (June 2012: RMB18,421).

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

	For the six months ended 30 June	
	2013	2012
	RMB	RMB
Profit before tax	12,945	2,720
Tax calculated at the EIT rate of 25%	3,236	680
Tax rate differential	(795)	(257)
Effect of tax holiday exemption	-	-
Effect of the tax losses on consolidation	(1,888)	(405)
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Tax expense for the period	553	18

6. PROFIT PER SHARE

For the six months ended 30 June 2013, the calculation of profit per share is based on the Group's profit attributable to equity holders of RMB12,172,846 (June 2012: profit of RMB2,705,483), divided by the total number of shares issued by the Company of 1,420,000,000 shares (June 2012: 1,420,000,000 shares). Diluted profit per share is not presented as there are no dilutive potential shares during the period.

7. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB1,665,242 (2012: RMB5,303,293) on the acquisition of property, plant and equipment. The increase of the spending of property, plant and equipment is primarily attributable to the Group's projects in compound fertilizer.

8. TRADE RECEIVABLE, CURRENT ASSETS

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 2013 (Unaudited) RMB	31 December 2012 (Audited) RMB
Trade receivable, current assets	171,919,901	130,105,865
Provision for doubtful accounts	(9,768,715)	(6,484,746)
Trade receivable, net	162,151,186	123,621,119

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

	30 June 2013 (Unaudited) RMB	31 December 2012 (Audited) RMB
Within 3 months	114,249,973	89,893,483
Over 3 months but within 6 months	44,415,942	25,465,635
Over 6 months	13,253,986	14,746,747
	171,919,901	130,105,865

9. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2013 (Unaudited) RMB	31 December 2012 (Audited) RMB
Other receivables	9,383,201	7,892,947
Less: allowance for doubtful debts	(2,375,369)	(2,375,369)
Deposits and prepayments (note a)	7,007,832 16,346,292 23,354,124	5,517,578 49,520,225 55,037,803

(a) Subsidiaries of the company decreased prepayments.

10. TRADE AND BILLS PAYABLES

The aging analysis of trade payable is as follows:

	30 June 2013 (Unaudited) RMB	31 December 2012 (Audited) RMB
Within 3 months	57,500,966	59,316,245
Over 3 months but within 6 months	811,870	3,316,668
Over 6 months	3,995,319	4,862,894
	62,308,155	67,495,807

11. OTHER PAYABLES AND ACCRUALS

	30 June 2013 (Unaudited) RMB	31 December 2012 (Audited) RMB
Other payables (note a)	3,175,386	23,689,689
Accruals	2,320,109	5,472,057
Receipt in advance (note b)	3,632,303	29,143,842
Payables to Social Security Fund	2,573,534	2,573,534
	11,701,332	60,879,122

- (a) The other payables that the company's subsidiaries paid was reduced.
(b) The advanced payments that the company's subsidiaries received was reduced.

12. SHARE CAPITAL

	30 June 2013		31 December 2012	
	Number of shares	Nominal value RMB'000	Number of shares	Nominal value RMB'000
Registered	1,420,000,000	142,000	1,420,000,000	142,000
Issued and fully paid				
Domestic shares of RMB0.1 each	715,000,000	71,500	715,000,000	71,500
H shares of RMB0.1 each	705,000,000	70,500	705,000,000	70,500
	1,420,000,000	142,000	1,420,000,000	142,000

13. CAPITAL COMMITMENTS

As of 30 June 2013, the Group had no significant capital commitments which were not provided for in the condensed consolidated financial statements of the Group.

14. CONTINGENT LIABILITIES

The Company guaranteed the banking facilities granted to certain of its subsidiaries amounting to RMB45.0 million (2012: RMB35.0 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (June 2012: Nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Accumulated Losses		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January	142,000,000	142,000,000	75,816,410	75,816,410	4,604,647	2,385,483	2,541,404	2,541,404	(44,906,598)	(66,704,751)	180,055,863	156,038,546
Net profit attributable to equity holders of the Company for the three months ended 31 March		-			-	-	-	-	10,270,291	1,100,197	10,270,291	1,100,197
Balance as at 31 March	142,000,000	142,000,000	75,816,410	75,816,410	4,604,647	2,385,483	2,541,404	2,541,404	(34,636,307)	(65,604,554)	190,326,154	157,138,743
Net profit attributable to equity holders of the Company for the three months ended 30 June		-			-	-	-	-	1,902,555	1,605,286	1,902,555	1,605,286
Balance as at 30 June	142,000,000	142,000,000	75,816,410	75,816,410	4,604,647	2,385,483	2,541,404	2,541,404	(32,733,752)	(63,999,268)	192,228,709	158,744,029

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

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

Fertilizer products

The No.1 Document promulgated by the central government in 2013 showed the emphasis on the issues of “peasants, rural villages and agricultural industry” over ten consecutive years, the theme of which is “Innovative Agricultural Operation System”. China is a big agricultural country and is a country with the largest fertilizer consumption. It consumes 35% of the world’s total fertilizer consumption for less than 9% of cultivated land of the world, but the fertilizer utilization rate is not high and far below the level of 60-70% in developed agricultural countries, thus results in severe wasting of resources. Guided by the agriculture development direction of “High-yield, Good-quality, High-efficiency, Ecological and Environment friendly”, the Group actively developed a new active fertilizer product which was launched in the fourth quarter and broadly accepted by farmers since then. This newly developed fertilizer has greatly improved the fertilizer utilization rate, and it is also a very competitive product that the Group puts efforts to promote.

Health care products

According to the latest news issued by the State Food and Drug Administration, as at the end of 2012, there were in total 2,006 manufacturers of health care products in China with an annual output value of more than RMB280.0 billion in 2012. As for the health care products market in China, Frost & Sullivan, the US-based and the world’s renowned market analysis industry leader, advised that the overall market scale of various health care food and beverage in China is expected to maintain an annual growth rate of 15% in the coming five years. According to the aforementioned data, it is envisaged that the health care product industry in China is promising. The Group will fully leverage on the “Alpha” brand which enjoys a good reputation in the health care product market to continually expand the sale channels and take proactive measures to ensure the market supply of the products and enhance the market share.

Finance Review

Turnover, gross profit and gross profit margin

For the six months ended 30 June 2013, the Group achieved total turnover of RMB319,365,053, representing a decrease of 0.85% as compared to the same period of last year (30 June 2012: RMB322,093,399), of which, the Group recorded turnover of RMB279,634,283 for compound fertilizer products, representing a decrease of 3.30% as compared to the same period of last year (30 June 2012: RMB289,180,471); the Group recorded turnover of RMB39,730,770 for health care products, representing an increase of 20.71% as compared to the same period of last year (30 June 2012: RMB32,912,928).

For the six months ended 30 June 2013, the consolidated gross profit of the Group was RMB64,871,303, representing an increase of 27.36% as compared to the same period of last year (30 June 2012: RMB50,934,196); the consolidated gross profit margin of the Group was 20.31%, representing a significant increase as compared to the same period of last year (30 June 2012: the consolidated gross profit margin was 15.81%), mainly due to the increase in the sales of Zhilong active fertilizer products of the Group's compound fertilizer business which has a higher gross profit margin in the first half of this year as compared to the same period of last year. In addition, there is also an increase in gross profit margin in the sales of health care products as compared to the same period of last year.

Selling and distribution costs

For the six months ended 30 June 2013, in light of a slight decrease of 0.85% in total turnover in the first half of the year, selling and distribution costs of the Group were RMB19,784,481, representing a substantial decrease of 8.31% as compared to the same period of last year (30 June 2012: RMB21,578,391), which was mainly due to the Group's special focus on the reasonable control over selling expenses during the first half of the year to ensure the corporate profitability.

Research and development and administrative expenses

For the six months ended 30 June 2013, research and development and administrative expenses of the Group were RMB29,704,962 (30 June 2012: RMB23,615,943), accounting for 9.30% of the total turnover (30 June 2012: 7.33%). During the period under review, the increase in such expenses of the Group was mainly due to the continued increase in the labor cost and the increase in the expenses relating to the research and development of new products on one hand; on the other hand, the Group increased the provision for the newly increased doubtful trade receivables during the period under review.

Finance costs

For the six months ended 30 June 2013, finance costs of the Group were RMB2,970,385, representing a decrease of 15.27% as compared to the same period of last year (30 June 2012: RMB3,505,754), the details of which are set out in Note 3 to the accompanying accounts.

Profit for the year

For the six months ended 30 June 2013, the profit attributable to the equity owner of the Company was RMB12,172,846, representing an increase of 349.93% as compared to the same period of last year (30 June 2012: RMB2,705,483); earnings per share of the Company were RMBO.86 cents (30 June 2012: RMBO.19 cents).

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

During the period under review, the Group's main source of finance was banking facilities granted by various banks in the PRC. As at 30 June 2013, the bank and cash balance of the Group was approximately RMB19,891,808 (31 December 2012: RMB23,345,651), bank borrowings were RMB103,300,000 (31 December 2012: RMB83,300,000) and the total bills payable were nil (31 December 2012: RMB32,000,000). The bank borrowings provided by various banks in the PRC were denominated in RMB and at fixed annual interest rates ranging from 7.8% to 8.5% (31 December 2012: ranging from 7.2% to 9.2%). The bank borrowings amounting to RMB59,800,000 and RMB43,500,000 in aggregate will be due in the second half of 2013 and in the first half of 2014 respectively.

As at 30 June 2013, the total asset of the Group amounted to approximately RMB394,331,867 (31 December 2012: RMB421,975,521), with total current liabilities of approximately RMB179,310,774 (31 December 2012: RMB219,346,161), shareholders' equity of RMB192,228,709 (31 December 2012: RMB180,055,863) and non-controlling interests of approximately RMB22,792,384 (31 December 2012: RMB22,573,497).

As at 30 June 2013, the consolidated asset debt ratio of the Group, which is the ratio between the total liabilities and the total assets, was 0.45 (31 December 2012: 0.52). The gearing ratio of the Group, which is the ratio between the total bank borrowings and the total assets, was 0.26 (31 December 2012: 0.20). The current ratio of the Group, which is the ratio between the current assets and the current liabilities, was 1.64 (31 December 2012: 1.46).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2013, the Group and the Company had contingent liabilities amounting to RMB45,000,000 (31 December 2012: RMB65,000,000) and RMB35,000,000 (31 December 2012: RMB25,000,000) respectively in connection with the guarantee provided by the Group and the Company to secure the bank loans granted to its subsidiaries.

FOREIGN CURRENCY RISK

As all the sales of the Group were domestic sales settled in RMB and most of the payables to suppliers were also settled in RMB, the Group was not exposed to substantial foreign currency risk.

TREASURY POLICY

Since the Group was not exposed to foreign currency risk, the bank borrowings were denominated in RMB and generally renewed yearly upon maturity. During the period, any cash balances were deposited in the licensed banks in China.

FUTURE OUTLOOK

In the recent years, with severe product homogenization in the compound fertilizer market in China, the compound fertilizer sector has entered into a stage of competition for comprehensive strengths in terms of quality, brand, capital, technology and service. The key to success in the competition is to promote differentiated products, strengthen brand and expand sale channels. Guangdong Fulilong Compound Fertilizers Co., Ltd, a subsidiary of the Group, has engaged the Academician Yuan Longping, the “Father of Hybrid Rice”, as the chief scientist and jointly established the “Post-doctoral Innovation and Practice Base of Enterprises” in Guangdong Province with Post-doctoral Mobile Stations of South China Agricultural University. On the basis of the successful development of Zhilong active fertilizers, the Group has proactively developed innovative fertilizer products and cultivated technical talents for the enterprise, and implemented the plans of brand building and channel expansion so as to remain invincible in the future market competition and bring greater economic and social benefits to the enterprise and the society.

In addition, in accordance with 15 international industries divided based on the international standards, the health care industry is one of the fastest growing sectors in terms of world trade growth. The government included “nutrient and health care food manufacturing industry” in the country’s Twelfth Five-Year Plan for the Food Industry as a key industry for development in China for the first time. Under the background of favorable trend for industry development and policy environment, the health care food industry will present great market vitality and a huge potential for development. Tianjin Alpha HealthCare Products Co., Ltd, a subsidiary of the Group, has strategically cooperated with Tianjin University of Science & Technology to continuously conduct research and development on innovative health care food and cultivate high-end technical talents. The Group has proactively built brand image and ensured market supply of our products amid fierce market competition, and reasonably controlled the cost with a view to maximize the revenue for the Company.

Looking forward, the Group will ensure sustainable development of the enterprise by means of proactively promoting knock-out products and building brand and channels in an attempt to enhance the profitability steadily. The Board anticipates that, with the concerted efforts of all the staff, the operating results of the Group will continue to improve.

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

As at 30 June 2013, the interests of the directors and supervisors of the Company and their respective associates in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) were as follows:

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

Directors/Supervisors/ Executive Officers	Personal	Family	Corporate	Other	Total	Percentage of the issued share capital
Mr. Zhang Chunsheng (Note 3)	-	2,415,000 (Note 1)	180,000,000 (Note 2)	-	182,415,000	12.85%

Note 1: Mr. Zhang Chunsheng is deemed to be interested in 2,415,000 H shares held by his wife, Jin Ling.

Note 2: Such shares are held by Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment"), and Mr. Zhang Chunsheng is the beneficial owner of 100% interest in Xiangyong Investment. All the shares represent domestic shares.

Note 3: Due to other business commitments, Mr. Zhang Chunsheng resigned as an executive director and Chief Executive Officer of the Company on 3 July 2013.

Save as disclosed in this paragraph, as at 30 June 2013, none of the directors, the supervisors and other executive officers of the Company had interests in any securities, underlying shares and debentures of the Company or any of its associated corporations, which were 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 were 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 to be 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, any of its subsidiaries or its holding company 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 of the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2013, the following persons (other than the directors and the supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be 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 shareholder	Capacity	Number of ordinary shares	Percentage of the share capital
Tianjin TEDA International Incubator ("TII")	Beneficial owner	200,000,000 (Note)	14.08%
Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment")	Beneficial owner	180,000,000 (Note)	12.68%
Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers")	Beneficial owner	170,000,000 (Note)	11.97%
Dongguan Lye Fertilizers Company Limited ("Lye Fertilizers")	Beneficial owner	120,000,000 (Note)	8.45%

Note: All of the shares represent domestic shares

Save as disclosed above, as at 30 June 2013, the directors of the Company were not aware of any other person (other than the directors and the supervisors of the Company) who had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

RESIGNATION AND APPOINTMENT OF DIRECTORS

Mr. Cao Kai resigned as an independent non-executive Director of the Company with effect from 21 March 2013. Due to the resignation of Mr. Cao, the Board proposed to appoint Mr. Chan Kin Sang as an independent non-executive Director for a term expiring on 31 December 2013, and the appointment was approved by the Shareholders by way of an ordinary resolution at the annual general meeting on 14 May 2013.

Mr. Zhang Chunsheng ("Mr. Zhang") resigned as an executive Director and Chief Executive Officer of the Company with effect from 3 July 2013.

CHANGE OF CHIEF EXECUTIVE OFFICER

Reference is made to the announcement of the Company dated 3 July 2013, due to the resignation of Mr. Zhang as the Chief Executive Officer of the Company, the Board appointed Mr. Wang Shuxin as the Chief Executive Office of the Company.

THE PLACING

Reference is made to the announcement and the circular of the Company dated 3 May 2013 and 3 June 2013 respectively, the Board proposed to place not more than 192,500,000 H shares by a specific mandate. As such, the Company and China Merchants Securities (HK) Co., Ltd., the placing agent, entered into a letter of engagement, pursuant to which the placing agent was appointed to prepare for the Placing on a best effort basis. The parties will negotiate on signing a definitive placing agreement after fulfillment of all conditions precedent. Reference is also made to the announcement of the Company dated 25 July 2013, the foresaid placing by the Company was approved at the Extraordinary General Meeting and the Class Meetings on 25 July 2013.

COMPETING INTERESTS

During the six months ended 30 June 2013, none of the directors, the supervisors or the 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 any of them has or may have any other conflicts of interest with the Group 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 set 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 controls and risk evaluation. The Audit Committee of the Company comprises three independent non-executive directors, namely Mr. Guan Tong, Mr. Wu Chen and Mr. Chan Kin Sang, among whom, Mr. Guan Tong has been appointed as the chairman of the committee due to his professional qualifications in accounting and auditing experience.

The Audit Committee has reviewed the interim results and the interim report of the Group for the six months ended 30 June 2013.

SHARE OPTION SCHEME

During the interim period ended 30 June 2013, the Company did not have a subsisting share option scheme nor any share option that has been granted under the previous scheme and not exercised, cancelled or lapsed.

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 exited during the first half of 2013 under review.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 30 June 2013, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry of all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors during the period.

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 first half of 2013 under review.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing and maintaining good corporate governance practice code and procedure. The corporate governance principles which the Company complies emphasize on an efficient board of directors and sound internal control, as well as the transparency presented to all of the shareholders. For the six months ended 30 June 2013, the Company has adopted the principles as set out in the Code on Corporate Governance Practices ("CG Code") of Appendix 15 to the GEM Listing Rules and has complied with all the code provisions.

By order of the Board

Wang Shuxin

Chairman

Tianjin, the PRC

8 August 2013

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

This report will remain on the "Latest Company Announcements" page of the Growth Enterprise Market website at www.hkgem.com for at least 7 days from the day of its posting and on the Company's website at www.bioteda.com.