泰 达

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 2009

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.

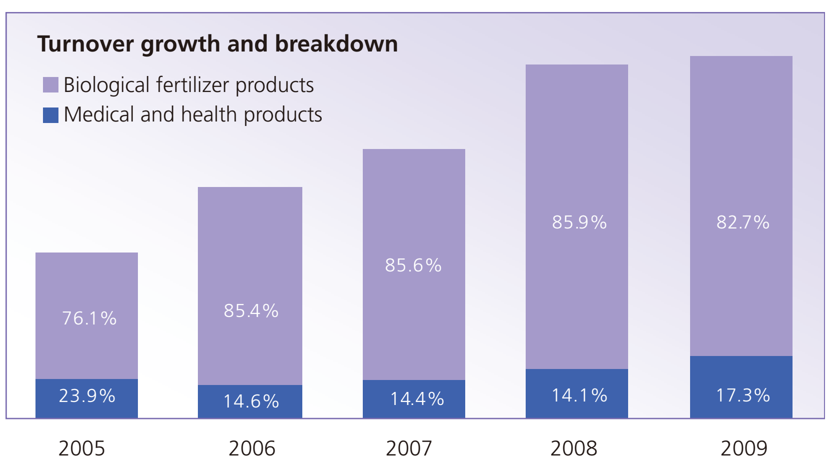
Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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.

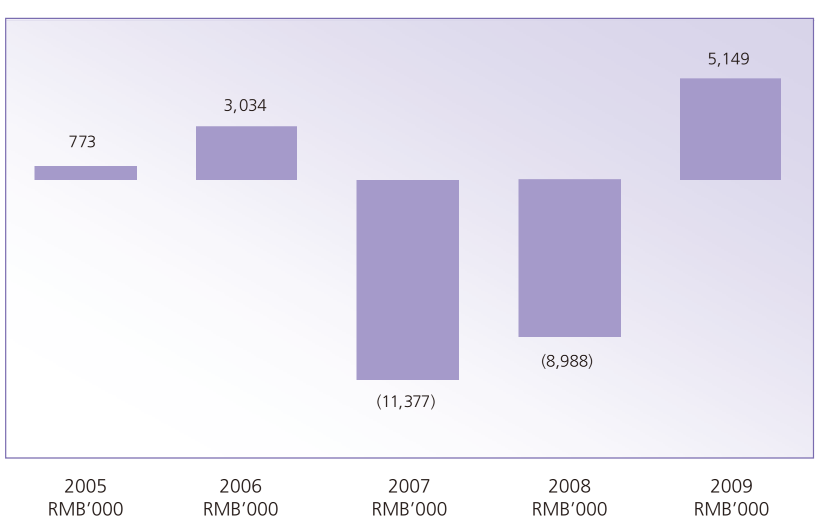
FINANCIAL HIGHLIGHTS

	For the year ended 31 December				
	2005 RMB'000	2006 RMB'000	2007 RMB'000	2008 RMB'000	**2009** **RMB'000**
RESULTS					
Turnover	205,032	270,639	327,955	422,512	**432,000**
Gross profit	31,331	43,625	50,639	66,563	**85,747**
Gross margin	15.28%	16.12%	15.44%	15.75%	**19.85%**
Profit/(loss) attributable to owners of the Company	773	3,034	(11,377)	(8,988)	**5,149**
Earnings/(loss) per share	0.15 cents	0.50 cents	(1.87) cents	(1.44) cents	**0.46 cents**

	As at 31 December				
	2005 RMB'000	2006 RMB'000	2007 RMB'000	2008 RMB'000	**2009** **RMB'000**
ASSETS & LIABILITIES					
Total assets	208,266	278,839	325,601	309,551	**309,136**
Total liabilities	110,393	208,097	266,607	224,996	**150,432**
Equity attributable to owners of the Company	65,374	68,408	57,031	81,823	**134,919**



Loss attributable to shareholders



The Board of Directors (the "Board") of Tianjin TEDA Biomedical Engineering Company Limited ("TEDA Biomedical" or the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the "Group") for the year ended 31 December 2009 with comparative figures for the year ended 31 December 2008 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	**2009 RMB**	2008 RMB
Turnover	2	**432,000,259**	422,511,561
Cost of sales		**(346,253,026)**	(355,948,813)
Gross profit		**85,747,233**	66,562,748
Other income and net gains		**4,930,762**	3,794,004
Selling and distribution costs		**(39,006,107)**	(30,978,772)
Administrative expenses		**(28,731,194)**	(33,256,462)
Research and development expenses		**(11,520,084)**	(2,773,571)
Finance costs	3	**(6,734,851)**	(10,480,419)
Share of profit of an associate		**–**	1,183,305
Profit/(loss) before taxation	4	**4,685,759**	(5,949,167)
Income tax	5	**(611,214)**	(2,269,313)
Profit/(loss) and total comprehensive income for the year		**4,074,545**	(8,218,480)
Attributable to:			
Owners of the Company	6	**5,148,779**	(8,987,602)
Minority interests		**(1,074,234)**	769,122
		4,074,545	(8,218,480)
Earnings/(loss) per share – Basic (RMB)	8	**0.46 cents**	(1.44 cents)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2009

	Notes	**2009** **RMB**	2008 RMB
Non-current assets			
Property, plant and equipment		**108,010,484**	110,241,188
Goodwill		**3,133,932**	3,133,932
Available-for-sale financial assets		**3,000,000**	3,000,000
Prepaid land lease payments		**5,503,972**	5,816,633
Total non-current assets		**119,648,388**	122,191,753
Current assets			
Inventories		**60,094,582**	78,974,912
Trade and bills receivables	9	**53,405,113**	53,778,927
Prepayments and other receivables	10	**33,405,081**	28,256,510
Amount due from ultimate holding company		**26,087**	662,547
Restricted bank deposits		**11,250,000**	7,800,000
Bank balances and cash		**31,306,768**	17,886,821
Total current assets		**189,487,631**	187,359,717
Total assets		**309,136,019**	309,551,470
Current liabilities			
Trade and bills payables	11	**46,440,698**	40,096,651
Other payables and accruals		**53,587,463**	36,160,916
Government grants received in advance		**1,903,500**	3,429,800
Amounts due to ex-shareholders of a subsidiary		**–**	4,732,823
Amount due to a related company		**–**	44,576,144
Bank borrowings	12	**48,500,000**	88,000,000
Total current liabilities		**150,431,661**	216,996,334
Net current assets/(liabilities)		**39,055,970**	(29,636,617)
Total assets less current liabilities carried forward		**158,704,358**	92,555,136

	Notes	**2009** **RMB**	2008 RMB
Total assets less current liabilities brought forward		**158,704,358**	92,555,136
Non-current liabilities			
Bank borrowings	12	**–**	8,000,000
TOTAL NET ASSETS		**158,704,358**	84,555,136
Capital and reserves attributable to owners of the Company			
Share capital	13	**142,000,000**	95,000,000
Reserves	14	**(7,081,471)**	(13,177,475)
Equity attributable to owners of the Company		**134,918,529**	81,822,525
Minority interests		**23,785,829**	2,732,611
TOTAL EQUITY		**158,704,358**	84,555,136

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital (Note 13) RMB	Share premium (Note 14) RMB	Surplus reserve (Note 14) RMB	Capital reserve (Note 14) RMB	Accumulated losses RMB	Attributable to owners of the Company RMB	Minority interests RMB	Total RMB
Balance as at 1 January 2008	**61,000,000**	**75,089,571**	**788,272**	**2,541,404**	**(82,388,734)**	**57,030,513**	**1,963,489**	**58,994,002**
Total comprehensive (loss)/income for the year	–	–	–	–	(8,987,602)	(8,987,602)	769,122	(8,218,480)
Issue of shares	34,000,000	(220,386)	–	–	–	33,779,614	–	33,779,614
Transfer between reserves	–	–	345,365	–	(345,365)	–	–	–
Balance as at 31 December 2008	**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/(loss) 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 minority 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**

NOTES TO THE FINANCIAL STATEMENTS

(EXPRESSED IN RENMINBI UNLESS STATED OTHERWISE)

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

(a) Statement of compliance

The 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 financial statements also comply with the applicable disclosure provisions of 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 financial statements have been prepared under the historical cost convention.

(c) Adoption of new and revised HKFRSs

The Group has adopted the following new/revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are effective for the current accounting period.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 relation to the amendment to paragraph 80 of HKAS 39
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC)-Int 9 and HKAS 39 (Amendments)	Embedded derivatives
HK(IFRIC) – Interpretation 13	Customer Loyalty Programmes
HK(IFRIC) – Interpretation 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Interpretation 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Interpretation 18	Transfers of Assets from Customers

The adoption of the above new/revised HKFRSs had no material effect on the reported results or financial position of the Group for both the current and prior reporting periods, except for following changes:

HKAS 1 (Revised) "Presentation of Financial Statements"

The revised standard affects certain disclosures of financial statements. Under the revised standard, the Income Statement, the Balance Sheet and the Cash Flow Statements are renamed as the Statement of Comprehensive Income, the Statement of Financial Position and the Statement of Cash Flows respectively. All income and expenses arising from transactions with non-owners are presented under the Statement of Comprehensive Income; while the owners' changes in equity are presented under the Statement of Changes in Equity.

HKFRS 8 "Operating Segment"
HKFRS 8 replaces HKAS 14 "Segment Reporting", and requires operating segment to be identified on the basis of internal reports of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to the segments and to assess their performance. As the business segments reported by the Group in accordance with the requirements of HKAS 14 are the same as the operating segments provided to the chief operating decision-maker as required by HKFRS 8, there are no changes to the operating segments and the relevant segment information on the adoption of HKFRS 8.

HKFRS 7 (Amendments) Improving Disclosures about Financial Statements
The amendments to HKFRS 7 expand the disclosure relating to fair value measurements for financial instruments that are measured at fair value and liquidity risk of financial liabilities including issued financial guarantee contracts.

(d) Potential impact arising on HKFRSs not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective, but potentially relevant to the Group's operations.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
Amendments to HKAS 32	Classification of Rights Issues[4]
Amendments to HKFRS 2	Share-based Payment – Group Cash-settled Share-based Payment Transactions[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC) – Interpretation 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC) – Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments[5]
HKAS 24 (Revised)	Related Party Disclosures[6]
HKFRS 9	Financial Instruments[7]

1 Effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
3 Effective for annual periods beginning on or after 1 January 2010
4 Effective for annual periods beginning on or after 1 February 2010
5 Effective for annual periods beginning on or after 1 July 2010
6 Effective for annual periods beginning on or after 1 January 2011
7 Effective for annual periods beginning on or after 1 January 2013

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combinations for which the acquisition dates are on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions.

The amendment to HKAS 17 made under the "Improvements to HKFRSs 2009", mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgement to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met.

The Group is in the process of making an assessment of the potential impact of other new/revised HKFRSs and the directors so far concluded that the application of the other new/revised HKFRSs will have no material impact on the results and the financial position of the Group.

2. Turnover

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

	2009	2008
	RMB	RMB
Fertiliser products	**357,084,657**	362,921,598
Medical and health products	**74,915,602**	59,589,963
	432,000,259	422,511,561

(a) Reportable segments

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used 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 medical and health products

– Distribution of biological compound fertiliser products

There are no sales or other transactions between the reportable segments. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment assets and liabilities exclude unellocated head office and corporate assets and liabilities which are managed on a Group basis. Corporate expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision makers for assessment of segment performance.

Segment information about these businesses is presented below:

(i) 2009 segment analysis:

	Medical and health products RMB	Fertiliser products RMB	Total RMB
Segment revenue	74,915,602	357,084,657	432,000,259
Segment profit	5,083,554	15,748,233	20,831,787
Unallocated costs			(9,411,177)
Operating profit			11,420,610
Finance costs			(6,734,851)
Profit before taxation			4,685,759
Taxation			(611,214)
Profit for the year			4,074,545
Segment assets	47,291,558	261,208,374	308,499,932
Unallocated assets			636,087
Total assets			309,136,019
Segment liabilities	11,046,410	124,903,249	135,949,659
Unallocated liabilities			14,482,002
Total liabilities			150,431,661
Allowance/(reversal) for impairment losses on receivables	124,790	(1,444,597)	(1,319,807)
Capital expenditure	1,191,371	9,089,804	10,281,175
Depreciation	1,872,489	7,546,228	9,418,717
Loss on disposal of property, plant and equipment	17,173	35,680	52,853

(ii) 2008 segment analysis:

	Medical and health products RMB	Fertiliser products RMB	Total RMB
Segment revenue	59,589,963	362,921,598	422,511,561
Segment profit	2,931,765	11,669,123	14,600,888
Unallocated income			184,000
Unallocated costs			(12,632,178)
Operating profit			2,152,710
Finance costs			(10,480,419)
Share of results of an associate	–	1,183,305	1,183,305
Loss on disposal of an associate	–	(559,751)	(559,751)
Gain on disposal of a subsidiary	1,754,988	–	1,754,988
Loss before taxation			(5,949,167)
Taxation			(2,269,313)
Loss of the year			(8,218,480)
Segment assets	56,689,414	241,646,655	298,336,069
Unallocated assets			11,215,401
Total assets			309,551,470
Segment liabilities	18,827,918	125,360,348	144,188,266
Unallocated liabilities			80,808,068
Total liabilities			224,996,334
Allowance for impairment losses on receivables	3,210,636	1,850,898	5,061,534
Capital expenditure	1,516,794	13,412,833	14,929,627
Depreciation	2,254,784	6,750,601	9,005,385
Loss on disposal of property, plant and equipment	1,495,716	20,145	1,515,861

(b) 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 2009 and 2008, the revenue from the Group's largest customer amounted to less than 10 per cent of the Group's total revenue.

3. Finance costs

	2009 RMB	2008 RMB
Finance costs		
Interest expense on bank borrowings wholly repayable within five years	**6,734,851**	10,480,419

4. Profit/(loss) before taxation

	2009 RMB	2008 RMB
Profit/(loss) before taxation is arrived after charging/(crediting):		
Amortisation of prepaid land lease payments	**312,661**	297,111
Auditor's remuneration	**788,180**	1,000,000
Cost of inventories sold	**346,253,026**	355,948,813
Depreciation on property, plant and equipment	**9,418,717**	9,005,385
(Reversal)/allowance for impairment losses on:		
– Trade receivables	**(1,350,791)**	1,749,017
– Other receivables	**30,984**	3,312,517
Write off of other receivable	**614,000**	–
Loss on disposal of property, plant and equipment, net	**52,853**	1,515,861
Operating lease rentals – land and buildings	**2,300,997**	2,194,811
Staff costs (including emoluments of directors and supervisors):		
– Salaries and allowances	**29,307,779**	23,550,770
– Pension fund contribution	**1,948,379**	1,254,968
	31,256,158	24,805,738

5. Income tax

(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 Fulilong Fertilizer Co. Ltd. can continue to enjoy the preferential tax rates during the transitional period and are subject to EIT rate of 20% for the year (2008: 18%).

The Company has not provided for any EIT since there is no taxable income for the year (2008: 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% (2008: 18%) for the period from 8 June 2009 to 7 June 2012.

The taxation charge for the year can be reconciled to the Group's profit for the year as follows:

	2009	2008
	RMB	RMB
Profit/(loss) before taxation	**4,685,759**	(5,949,167)
Calculated at statutory rate of 25% (2008: 25%)	**1,171,440**	(1,487,292)
Tax effect of non-taxable items	**(720,079)**	(2,289,670)
Tax effect of expenses not deductible for taxation purposes	**1,939,360**	3,654,925
Tax losses not recognised	**–**	1,652,063
Utilisation of tax losses previously not recognised	**(738,327)**	–
Tax rate differential	**(487,928)**	714,621
(Over)/under provision in prior years	**(553,252)**	1,994
Others	**–**	22,672
Taxation charge	**611,214**	2,269,313

(b) **Deferred taxation**

The Group had the following respective estimated unused tax losses, which will expire as follows:

	2009		2008	
	Group	**Company**	Group	Company
	RMB	**RMB**	RMB	RMB
Year of expiry				
2009	**–**	**–**	13,427,000	13,427,000
2010	**2,779,000**	**–**	5,247,000	–
2011	**14,157,000**	**3,691,000**	14,642,000	4,177,000
2012	**9,235,000**	**4,917,000**	9,235,000	4,917,000
2013	**7,124,000**	**5,307,000**	7,124,000	5,307,000
	33,295,000	**13,915,000**	49,675,000	27,828,000

No deferred tax assets have been recognised (2008: nil) as the availability of future taxable profit to utilise the temporary differences is not probable.

6. **Loss attributable to owners of the Company**

The loss attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of a loss of RMB1,972,073 (2008: RMB16,145,034).

7. **Dividend**

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

8. **Earnings/(loss) per share**

The calculation of earnings/(loss) per share is based on the Group's profit attributable to owners of the Company of RMB5,148,779 (2008: loss of RMB8,987,602), divided by the weighted average number of shares issued during the year of 1,121,260,274 (2008: 623,972,603) shares.

Diluted earning per share is not presented as there are no dilutive potential ordinary shares outstanding during the year of 2009 and 2008.

9. Trade and bills receivables

	Group 2009 RMB	2008 RMB
Trade receivables (note (a))	**58,462,088**	60,717,997
Less: Allowance for doubtful debts (note (c))	**(5,306,975)**	(6,939,070)
	53,155,113	53,778,927
Bills receivables	**250,000**	–
	53,405,113	53,778,927

Note:

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

	Group 2009 RMB	2008 RMB
Within 3 months	**28,607,503**	28,386,329
Between 3 to 6 months	**15,827,777**	17,553,897
Between 6 to 12 months	**6,632,363**	5,650,602
Over 1 year	**7,394,445**	9,127,169
	58,462,088	60,717,997

(b) The Group has provided fully 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 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 2009 RMB	2008 RMB
At 1 January	**6,939,070**	6,580,089
(Reversal)/additional allowance (Note 8)	**(1,350,791)**	1,749,017
Disposal of a subsidiary	**–**	(1,001,357)
Uncollectible amounts written off	**(281,304)**	(388,679)
At 31 December	**5,306,975**	6,939,070

10. Prepayments and other receivables

	2009 Group RMB	2009 Company RMB	2008 Group RMB	2008 Company RMB
Other receivables	**6,886,158**	**1,892,870**	15,238,848	8,313,051
Less: Allowance for doubtful debts (note b)	**(1,306,790)**	**(754,815)**	(4,075,262)	(2,829,974)
	5,579,368	**1,138,055**	11,163,586	5,483,077
Amount due from an ex-subsidiary (note a)	**–**	**–**	6,752,853	6,752,853
Deposits and prepayments	**27,825,713**	**102,675**	10,340,071	155,589
	33,405,081	**1,240,730**	28,256,510	12,391,519

(a) The amount due from an ex-subsidiary was interest bearing at market rates. During the year, the company received settlement of RMB6,138,853 from the ex-subsidiary and wrote off the remaining balance of RMB614,000

(b) Allowance for doubtful debts

	2009 Group RMB	2009 Company RMB	2008 Group RMB	2008 Company RMB
At 1 January	**4,075,262**	**2,829,974**	1,901,888	500,330
Additional allowance	**30,984**	**(59,731)**	3,312,517	2,329,644
Disposal of a subsidiary	**–**	**–**	(1,131,551)	–
Uncollectible amounts written off	**(2,799,456)**	**(2,015,428)**	(7,592)	–
At 31 December	**1,306,790**	**754,815**	4,075,262	2,829,974

The Group has provided fully 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

	2009 Group RMB	2009 Company RMB	2008 Group RMB	2008 Company RMB
Trade payables	**8,940,698**	**26,918**	14,096,651	26,918
Bills payables	**37,500,000**	**–**	26,000,000	–
	46,440,698	**26,918**	40,096,651	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:

	2009 Group RMB	2009 Company RMB	2008 Group RMB	2008 Company RMB
Within 3 months	**29,986,108**	**–**	32,434,904	–
Between 3 to 6 months	**13,733,871**	**–**	4,576,156	–
6 months to one year	**2,279,280**	**–**	1,848,513	–
Over one year	**441,439**	**26,918**	1,237,078	26,918
	46,440,698	**26,918**	40,096,651	26,918

12. Bank borrowings

	2009 Group RMB	2009 Company RMB	2008 Group RMB	2008 Company RMB
Secured against property, plant and equipment and inventories (note (i))	**21,500,000**	**–**	27,500,000	–
Secured against prepaid land lease payments (note (ii))	**–**	**–**	500,000	–
Unsecured (note (iii))	**27,000,000**	**10,000,000**	68,000,000	67,000,000
	48,500,000	**10,000,000**	96,000,000	67,000,000

Note:

(i) Secured against property, plant and equipment and inventories with a total carrying amount of about RMB46 million (2008: RMB65 million).

(ii) Secured against prepaid land lease payments at 31 December 2008 with a carrying amount of RMB3.0 million.

(iii) Unsecured loans are guaranteed as follows:

	2009 Group RMB	2009 Company RMB	2008 Group RMB	2008 Company RMB
Guarantees were provided by:				
– The Company	**3,000,000**	**–**	1,000,000	–
– Two subsidiaries of the Company	**24,000,000**	**10,000,000**	67,000,000	67,000,000
	27,000,000	**10,000,000**	68,000,000	67,000,000

(iv) The bank borrowings of the Group bore interest ranging from 5.3% to 9.8% (2008 : 7.8% to 9.8%) per annum.

(v) Bank borrowings are repayable as follows:

	2009 Group RMB	2009 Company RMB	2008 Group RMB	2008 Company RMB
On demand or within one year	**48,500,000**	**10,000,000**	88,000,000	67,000,000
After one year but within two years	**–**	**–**	8,000,000	–
	48,500,000	**10,000,000**	96,000,000	67,000,000

13. Share Capital

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

	2009 Number (million)	2009 RMB (million)	2008 Number (million)	2008 RMB (million)
Ordinary shares of RMB 0.1 each:				
Domestic shares				
Beginning of year	**245**	**24**	279	28
Issue for cash during the year	**470**	**47**	–	–
Converted into H shares	**–**	**–**	(34)	(4)
End of year	**715**	**71**	245	24
H shares				
Beginning of year	**705**	**71**	331	33
Issue for cash during the year	**–**	**–**	340	34
Converted from domestic shares	**–**	**–**	34	4
End of year	**705**	**71**	705	71
Total, end of year	**1,420**	**142**	950	95

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 15 December 2008, 374,000,000 new placing H shares were allotted at a price of HK$0.115 per share (the "New Placing H Shares") (the "Placing"). The New Placing H Shares comprise (i) 340,000,000 New H Shares which have been allotted and issued by the Company; and (ii) 34,000,000 sale H shares which have been converted from the same number of existing domestic shares held by ultimate holding company, which held 38.36% equity interest in the Company prior to the Placing. The New Placing H Shares represent approximately 39.37% of the issued share capital of the Company upon completion of the Placing.

On 21 August 2009, the Company issued and allotted a total of 470,000,000 new domestic shares to the subscribers at RMB0.1023 (HKD0.116) 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 2009, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2008: Nil).

14. Reserves

	Share premium RMB (note(i))	**Capital reserve** RMB (note(iii))	**Accumulated losses** RMB	**Total** RMB
The Company				
At 1 January 2008	75,089,571	(2,312,483)	(68,839,068)	3,938,020
Issue of shares	(220,386)	–	–	(220,386)
Loss for the year	–	–	(16,145,034)	(16,145,034)
At 31 December 2008	74,869,185	(2,312,483)	(84,984,102)	(12,427,400)
Issue of shares	947,225	–	–	947,225
Loss 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)

(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, net of share issue expenses.

(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 2009, the major businesses of the Group were biological compound fertilizer products and medical and health products, which in aggregate achieved annual sales of RMB432,000,259, and this was almost in line with last year's level while a slight increase of 2.25% was also recorded. In particular, we have begun to promote and advance our markets to a greater depth based on our existing established markets for the biological compound fertilizer products. The Group recorded annual sales of biological compound fertilizer products of RMB357.08 million, maintaining at a similar level of the last year's where a slender decrease of 1.61% was still recorded. For the year ended 31 December 2009, the sales income of medical and healthcare products, with ALPHA series as its flagship healthcare food products, amounted to RMB74.92 million, representing an increase of 25.72% as compared to 2008. ALPHA has established itself as a domestic professional manufacturing enterprise of sugar reducing and sugar-free food products, which is capable of offering a wide range of products and is equipped with superior manufacturing capacity and advanced technology.

Operating Environment

In 2009, the business performance of the compound fertilizer market during the traditional peak season was not encouraging due to the decrease in demand. The insufficient domestic demand has directly led to a higher underproduction rate of compound fertilizer enterprises and an increasing number of compound fertilizer companies have reduced or even ceased their production. During the fourth quarter, with the rally in raw material prices, compound fertilizer markets in different regions have gradually recovered, which is evidenced by the surge in plants' utilization rate, an increase in overall rate of utilization of plants in the compound fertilizer segment from 30% to about 50% and the further rebound of production volume. In 2009, the demand of compound fertilizer has diminished slightly as compared with the previous year and that was mainly attributable to the economic downturn, which has in turn dampened the incentives of farmers and hence reduced the demand for fertilizers. As the price of raw materials dropped, the compound fertilizer products had weakened the price edges as enjoyed by straight fertilizer and the market of straight fertilizer was subject to certain pressure. Besides, the outbreak of natural disasters in several provinces in the PRC in 2009 has reduced the consumption volume of end users to a certain extent.

During recent years, the market of sugar-free food products has developed rapidly. In 2008, year-to-year growth rate was 30.7% with the market size amounting to RMB2.81 billion, while in 2009, year-to-year growth rate was 24.2% and the market size amounted to RMB3.49 billion. The Food Safety Law, effective on 1 June 2009, has set additional measures and improved the system with respect to food safety supervision system, food safety standard, supervision and assessment of food safety risk, manufacturing of food products and remedial measures concerning food safety incidents. Such law has also rationalized the supervisory system of medical and health products and clearly defined the duties and responsibilities of each relevant supervisory body. The implementation of the new law signifies that the industry of medical and health products will subject to stricter supervision and regulation.

Sales and Financial Highlights
For the year ended 31 December 2009, the segment of biological compound fertilizer products recorded sales comparable to last year's level and the segment of medical and health products achieved relatively rapid growth in sales. Total turnover of the Group was approximately RMB432,000,259 (excluding other revenue), representing an increase of 2.25% as compared to 2008.

For the year ended 31 December 2009, further development and advancement of the distribution networks of compound fertilizers in different provinces, cities and autonomous regions in the PRC has contributed to Group's sales turnover of RMB357.08 million and to the Group's sales gross profit of RMB49.12 million. Gross profit margin of compound fertilizer products increased to 13.76%, while the overall gross profit margin of the Group has surged from 15.75% in 2008 to 19.85% in 2009. The Group will continue to optimize its product structure and place higher emphasis on products with higher added value and endeavor to enhance our overall sales gross profit margin.

In 2009, the profit attributable to the owners of the Group was RMB5.15 million, representing a turnaround from a loss of RMB8.99 million in 2008, which was mainly attributable to the relatively significant increase in overall gross profit of the Group and the decrease in the administrative expenses and finance expenses.

Production and Research and Development
The Group has improved its manufacturing technique, made minor adjustment to product mix and technical level of our products or even introduced necessary improvement to the equipment of our production line on the basis of our in-depth understanding of customers' feedback. Such measures aimed at enhancing our manufacturing efficiency and creating a robust product mix, while efficiently cutting the manufacturing cost of the Company.

With respect to the safety of products, the Group put much emphasis on quality inspection on the supply of raw materials. We have strictly implemented our quality control measures with respect to adding of ingredients to our products, made more frequent internal random inspection and examined our production technology through the product inspection.

During the year, SD Fulilong received on-site random inspection on our products by Shandong Bureau of Quality and Technical Supervision and all the samples have passed inspection. Meanwhile, SD Fulilong was also accredited as a "consumer satisfied unit" by the local department for industry and commerce.

The Group has continued to allocate more resources in technical research and development and the pre-sales and after-sales services were innovated with our sophisticated technologies. The State Intellectual Property Office has accepted the applications of GD Fulilong with respect to two invention patents and five utility model patents during the year. After the approval of the

Appraisal Committee of Shandong Province Enterprise Technological Innovation Promotion Association, SD Fulilong was awarded the accreditation of "Enterprise Technical Innovation Award" and has established the "Formula Fertilization Service Center", which has enhanced the image of "Fulilong" while providing technical promotion services for our customers.

In July 2009, the "Environmental Protection Conference on National High Efficiency Fertilization and Soil Protection" was held in Shandong Province. On the date of the meeting, the "first professional cure center of soil in the PRC" was officially established under SD Fulilong and renowned expert of agricultural chemistry was appointed as the chief expert. In October 2009, "Fulilong" brand fertilizers were listed as one of the most influential products for the past 60 years in China's soil and fertilizer industry.

Financial Status and Capital Structure

In 2009, the profit attributable to the owners of the Group was RMB5.15 million, representing a turnaround from a loss of RMB8.99 million in 2008. Finance costs decreased by 35.74%, while the general and administrative expenses decreased by 13.61% compared to the corresponding period in 2008. Research and development expenses increased more than threefold as compared with the corresponding period in 2008, which was mainly attributable to the increase in research and development expenses of GD Fulilong and ALPHA.

The Group's capital structure as at 31 December 2009 was as follows: total assets amounted to RMB309.14 million; current assets, fixed assets, investments and other non-current assets accounted for 61.3%, 34.94%, 0.97% and 2.79% of the total assets respectively.

Continuing Connected Transactions

On 31 March 2009, the Company released an announcement concerning certain continuing connected transactions, and it was disclosed that the Company (as lessee) entered into tenancy agreements with Tianjin TEDA International Incubator ("TTII", as lessor), a substantial shareholder of the Company, with respect to the same property on 23 April 2008 and 12 February 2009. For the financial year ended 31 December 2008, the annual rent amounted to RMB219,177, while the rent for the financial year ended 31 December 2009 was RMB326,268.

On 28 July 2008, Tianjin Alpha Health Care Products Co., Ltd. (as lessee), a non-wholly owned subsidiary of the Company and TTII (as lessor) entered into a tenancy agreement for a term of two years. For the years ended 31 December 2008 and 31 December 2009, annual rent were both RMB1,491,120. ALPHA has rented such building since 2000 and the rental payments with respect to the period before 31 December 2007 had been waived.

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. Further details of the above transactions are set out under the section headed "connected transactions" in the Directors' Report of the Annual Report 2009.

Material Event

With reference to an announcement and a circular dated 12 June 2009 and 23 June 2009 respectively, the Company entered into a subscription agreement with three subscribers, namely Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment"), Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers") and Dongguan Lvye Fertilizers Company Limited ("Lvye Fertilizers") on 12 June 2009, pursuant to which, the Company agreed to allot and issue a total of 470,000,000 new domestic shares to the subscribers at RMB0.1023 (HK$ 0.116) per subscription share. The completion of the aforementioned subscription agreement is dependent upon fulfillment of the following conditions: (a) the obtaining of the necessary approvals of the Shareholders at the Class Meetings for the Subscription Agreement, the issue of the Subscription Shares under a Specific Mandate and the transactions contemplated thereunder; (b) full compliance with disclosure requirements under GEM Listing Rules; and (c) the obtaining of all necessary consents and approvals of the relevant regulatory authorities in the PRC, including the approval by the relevant local Commission of Commerce if applicable.

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 officially approved the special resolutions with respect to the subscription, the specific mandate and the proposed amendment of Articles of Association and the Board was authorized to determine and deal with, at its full discretion, any matter relating thereto at the class meeting and extraordinary general meeting held on 10 August 2009. The Company also obtained the Certificate of Approval of Foreign-invested Enterprise from the commerce departments on 9 September 2009 and was issued a business license by the relevant administration for industry and commerce on 8 February 2010. All the conditions for completion of the said subscription agreement were completely fulfilled and the domestic shares were issued on 9 February 2010.

FUTURE OUTLOOK

In 2010, the recovery of the global economy has injected a hopeful note to the fertilizer market of the PRC. At the same time, the development of the compound fertilizer industry was supported by various positive factors such as the further deepening of the reform of the fertilizer distribution system, the optimization and adjustment of the industrial structure, the further promotion of scientific fertilizing methods such as soil testing and formulated fertilization and the steady increase of purchase price of food.

During the six years from 1997 to 2003, the consumption of compound (mixed) fertilizers increased 39.07% and from 2003 to 2007, the consumption of compound (mixed) fertilizers jumped 35.4% in this short period of four years. In 2007, the domestic consumption of compound fertilizers represents 30% of the total consumption of fertilizers in that year. "The Eleventh Five-Year Plan for Agriculture" has clearly set a target of raising the compound fertilizer share of the PRC to the level of 50% by 2010. In 2009, the State Council further laid down the goal of increasing the pace of structural adjustment to the fertilizer industry and persistently eliminating the lagging capacity and increasing the market share of high concentration fertilizer and compound fertilizer. We expect that in the future, the consumption of compound fertilizer will continue to increase in a steady manner and the domestic compound fertilizer market still has significant development potential and room for profit.

After experiencing the hardship of the downturn of the fertilizer market, the Group was more aware of the fact that only customer-oriented products could achieve robust growth and has put stronger emphasis on the rational analysis of the market. We have also classified end markets according to customers' needs, extended our support to distributors, implemented optimum sales strategy and provided high quality services on agriculture. Besides, the Group has spared no effort to enhance the edges of our products, adopt a promotion model which emphasizes on offering extensive services, boost customers' loyalty, consolidate our brand awareness and increase our market share. It is our future target to differentiate and standardize our services on agriculture.

In recent years, the pace of growth of the domestic sugar-free market has maintained at above 20%, which is faster than the overall rate of growth of food industry during the same period. However, the development of sugar-free food products is still in its infant stage. Since the population of diabetic has reached nearly 100 million and is still growing, and while the problem of aging population and obesity has been becoming more serious, the market volume of sugar-free products is enormous. In view of the relatively small scale of sugar-free food market in the PRC, the domestic sugar-free market still has a large room for development.

Segmental information

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

The results of the Group by segments for the year ended 31 December 2009 and the year ended 31 December 2008 are disclosed in Note 2 to the accompanying accounts.

Liquidity, financial resources and gearing ratio

During 2009, the Group financed its operations mainly by internally generated cash, banking facilities and placing of its shares.

As at 31 December 2009, the Group's consolidated shareholders' equity, current assets and net current assets were about RMB158,704,358 (2008: RMB84,555,136), RMB189,487,631 (2008: RMB187,359,717) and RMB39,055,970 (2008: net current liabilities of RMB29,636,617) respectively. The Group's current assets as at 31 December 2009 comprised mainly cash and bank balances of RMB42,556,768 (31 December 2008: RMB25,686,821), trade receivables of RMB53,405,113 (31 December 2008: RMB53,778,927) and inventories of RMB60,094,582 (31 December 2008: RMB78,974,912).

As at 31 December 2009, the total bank borrowings of the Group amounted to RMB48,500,000 (31 December 2008: RMB96,000,000). The bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed interest rates ranging from 5.3% to 9.8% (31 December 2008: 7.8% to 9.8%) per annum. Of the bank borrowings, a total amount of RMB48,500,000 will mature in 2010.

As at 31 December 2009, the Group's gearing ratio, defined as the ratio of total bank borrowings to total assets, was 0.16 (31 December 2008: 0.31). The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 1.26 (31 December 2008: 0.863).

Employees and remuneration policies
As at 31 December 2009, the Group had 699 employees (2008: 635 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 RMB11,250,000 were denominated in RMB and pledged to secure the Group's and the Company's credit facilities granted by banks.

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

	Group	
	2009	2008
	RMB	RMB
Authorised and contracted for		
– Acquisition of plant and machinery	**13,755,040**	13,990,000

Contingent liabilities
The Company guaranteed the banking facilities guanted to certain of its subsidiaries amounting to RMB3 million (2008: RMB1 million).

As at 31 December 2009, all (2008: 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 2009, 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:

Director	Number of shares held and nature of interests					Percentage of the issued share capital
	Personal	Family	Corporate	Other	Total	
Mr. Xie Kehua	9,000,000	–	–	–	9,000,000	0.95%

Note: All represented domestic shares

Save as disclosed in this paragraph, as at 31 December 2009, 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 2009, 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	Beneficial owner	200,000,000	21.06%

Notes:

1. All represented domestic shares.

Save as disclosed above, as at 31 December 2009, 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 2009, 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
16 March 2010

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. Wang Xiaofa and three independent non-executive Directors, being Professor Xian Guoming, 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.