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天津泰达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 HALF-YEARLY RESULTS FOR 2014

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The information set out in this announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited ("the Company") collectively and individually accept full responsibility, is given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this announcement or any statement herein misleading.

HIGHLIGHTS

- Consolidated turnover of the Group for the six months ended 30 June 2014 amounted to RMB276,956,208, representing a decrease of 13.28% as compared to the same period of last year (30 June 2013: RMB319,365,053).
- Consolidated gross profit of the Group for the six months ended 30 June 2014 amounted to RMB51,853,535, representing a decrease of 20.07% as compared to the same period of last year (30 June 2013: RMB64,871,303).
- Profit attributable to the equity owners of the Company for the six months ended 30 June 2014 was RMB9,545,517 (30 June 2013: RMB12,172,846); the earnings per share of the Company was RMB0.67 cents (30 June 2013: RMB0.86 cents).
- The Board does not recommend the payment of dividend for the six months ended 30 June 2014.

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 2014, together with the comparative figures of the corresponding period in 2013 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2014 (Unaudited) RMB	2013 (Unaudited) RMB	2014 (Unaudited) RMB	2013 (Unaudited) RMB
Turnover	2	276,956,208	319,365,053	140,050,205	147,221,412
Cost of sales		(225,102,673)	(254,493,750)	(111,264,643)	(118,201,086)
Gross profit		51,853,535	64,871,303	28,785,562	29,020,326
Other income and net gains		333,665	533,681	349,286	548,519
Selling and distribution costs		(18,434,963)	(19,784,481)	(10,595,082)	(9,304,971)
R&D and administrative expenses		(19,893,607)	(29,704,962)	(10,354,884)	(16,722,720)
Finance costs	3	(3,720,029)	(2,970,385)	(2,194,668)	(1,079,035)
Profit before taxation		10,138,601	12,945,157	5,990,214	2,462,119
Income tax expenses	5	(554,489)	(553,424)	(254,489)	(510,164)
Profit and comprehensive income for the period		9,584,112	12,391,733	5,735,725	1,951,955
Attributable to:					
Owners of the Company		9,545,517	12,172,846	5,388,355	1,902,555
Non-controlling interests		38,595	218,887	347,370	49,400
		9,584,112	12,391,733	5,735,725	1,951,955
Earnings per share – Basic (RMB)		0.67 cents	0.86 cents	0.38 cents	0.13 cents

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2014 (Unaudited) RMB	31 December 2013 (Audited) RMB
	Notes		
Non-current assets			
Property, plant and equipment		82,577,278	76,647,961
Goodwill		3,133,932	3,133,932
Prepaid land lease payments		8,488,324	8,619,037
Prepayment and other receivables		–	–
Total non-current assets		94,199,534	88,400,930
Current assets			
Inventories		118,109,882	109,138,521
Trade and bills receivables	8	130,273,601	111,878,457
Prepayments and other receivables	9	47,459,818	59,336,675
Restricted bank deposits		–	1,000,000
Bank balances and cash		20,047,559	43,108,953
Assets classified as held for sale		–	–
Total current assets		315,890,860	324,462,606
Total assets		410,090,394	412,863,536
Current liabilities			
Trade and bills payables	10	49,478,554	55,406,552
Other payables and accruals	11	18,973,792	26,493,970
Tax payable		1,482,970	3,892,048
Bank borrowings		105,800,000	102,300,000
Total current liabilities		175,735,316	188,092,570
Net current assets		140,155,544	136,370,036
Total assets less current liabilities		234,355,078	224,770,966

	Notes	30 June 2014 (Unaudited) RMB	31 December 2013 (Audited) RMB
Non-current liabilities			
Bank borrowings		–	–
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Net Assets		234,355,078	224,770,966
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Capital and reserves attributable to owners of the Company			
Share capital	12	142,000,000	142,000,000
Reserves		68,974,985	59,429,468
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Equity attributable to owners of the Company		210,974,985	201,429,468
Non-controlling interests		23,380,093	23,341,498
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Total equity		234,355,078	224,770,966
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CONDENSED CONSOLIDATED CASH STATEMENT

	For the six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	RMB	RMB
Cash flows from operating activities		
Cash used in operation	(17,942,465)	(16,078,405)
Interests received	34,607	186,759
Income tax paid	(4,002,232)	(5,603,536)
Interests paid	(3,588,435)	(3,421,419)
Net cash used in operating activities	(25,498,525)	(24,916,601)
Cash flows from investing activities		
Purchases of property, plant and equipment	(7,159,476)	(1,665,242)
Disposal of subsidiaries	50,000	3,100,000
Sales of property, plant and equipment	12,000	28,000
Decrease in restricted bank deposits	1,000,000	–
Interest received	34,607	–
Net cash used in investing activities	(6,062,869)	1,462,758
Cash flows from financing activities		
Proceeds from short-term/long-term bank borrowing	60,000,000	64,000,000
Repayment of short-term bank borrowings	(51,500,000)	(44,000,000)
Net cash used in financing activities	8,500,000	20,000,000
NET INCREASE/(DECREASE) IN CASH AND BANK BALANCES	(23,061,394)	(3,453,843)
CASH AND BANK BALANCES AT THE BEGINNING OF THE PERIOD	43,108,953	23,345,651
CASH AND BANK BALANCES AT THE END OF THE PERIOD	20,047,559	19,891,808

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 RMB16,213,874 as at 30 June 2014. 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 2014 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 2013.

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	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Turnover				
Fertilizer products	239,744,740	279,634,283	122,022,352	128,694,382
Health care products	37,211,468	39,730,770	18,027,853	18,527,030
	276,956,208	319,365,053	140,050,205	147,221,412

3. FINANCE EXPENSE

	For the six months ended 30 June		For the three months ended 30 June	
	2014	2013	2014	2013
	RMB	RMB	RMB	RMB
Interest expense on bank loans and bank charges	3,720,029	2,970,385	2,194,668	1,079,035
	3,720,029	2,970,385	2,194,668	1,079,035

4. LOSS BEFORE TAX

	For the six months ended 30 June	
	2014	2013
	RMB	RMB
Depreciation of property, plant and equipment	3,717,401	3,388,085
Amortization of intangible asset	147,741	218,053
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, Tianjin Alpha HealthCare Products Co., Ltd ("Tianjin Alpha") and Shandong Hidersun Fertilizer Co. LTD. ("Shandong Hidersun") are subject to EIT rate of 25% for the year (2013: 25%).

The Company has not provided for any EIT (2013: nil) since it has no taxable income for the period.

Tianjin Alpha has not provided for any EIT since it has no taxable income for the period (2013: 25%).

Shandong Hidersun has not provided for any EIT since it has no taxable income for the period (2013: 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% (2013: 15%).

(b) Income tax expense

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	554	553

The income tax charge in Hong Kong is Nil for the period ended 30 June 2014 (June 2013: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is 554,489 for the period ended 30 June 2014 (June 2013: 553,424).

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

	For the six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Profit before tax	10,139	12,945
Tax calculated at the EIT rate of 25%	2,535	3,236
Tax rate differential	(1,145)	(795)
Effect of tax holiday exemption	–	–
Effect of the tax losses on consolidation	(836)	(1,888)
Tax effect of expenses that are not deductible in determining taxable profit	–	–
Tax expense for the period	554	553

6. PROFIT PER SHARE

For the six months ended 30 June 2014, the calculation of profit per share is based on the Group's profit attributable to equity holders of RMB9,545,517 (June 2013: profit of RMB12,172,846), divided by the total number of shares issued by the Company of 1,420,000,000 shares (June 2013: 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 RMB7,159,476 (2013: RMB1,665,242) on the acquisition of property, plant and equipment. The increase of the expenditures of property, plant and equipment is primarily attributable to the Group's projects in health care products.

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 2014 (Unaudited) RMB	31 December 2013 (Audited) RMB
Trade receivable, current assets	138,051,721	118,633,874
Provision for doubtful accounts	(7,778,120)	(6,755,417)
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Trade receivable, net	130,273,601	111,878,457

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

	30 June 2014 (Unaudited) RMB	31 December 2013 (Audited) RMB
Within 3 months	84,349,613	65,752,782
Over 3 months but within 6 months	22,234,110	32,408,930
Over 6 months	31,467,998	20,472,162
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	138,051,721	118,633,874

9. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2014 (Unaudited) RMB	31 December 2013 (Audited) RMB
Other receivables	16,334,246	19,535,150
Less: allowance for doubtful debts	(1,981,223)	(1,981,223)
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	14,353,023	17,553,927
Deposits and prepayments (note a)	33,106,795	41,782,748
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	47,459,818	59,336,675

(a) Subsidiaries of the company decreased prepayments.

10. TRADE AND BILLS PAYABLES

The aging analysis of trade payable is as follows:

	30 June 2014 (Unaudited) RMB	31 December 2013 (Audited) RMB
Within 3 months	34,777,640	34,592,475
Over 3 months but within 6 months	4,867,315	6,954,715
Over 6 months	9,833,599	13,859,362
	49,478,554	55,406,552

11. OTHER PAYABLES AND ACCRUALS

	30 June 2014 (Unaudited) RMB	31 December 2013 (Audited) RMB
Other payables (note a)	11,076,596	7,933,380
Accruals	2,264,403	3,217,070
Receipt in advance (note b)	3,115,296	12,826,023
Payables to Social Security Fund	2,517,497	2,517,497
	18,973,792	26,493,970

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

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

12. SHARE CAPITAL

	30 June 2014		31 December 2013	
	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 2014, 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 RMB55.0 million (2013: RMB45.0 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (June 2013: Nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Accumulated Losses		Total	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	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	6,831,045	4,604,647	2,541,404	2,541,404	(25,759,391)	(44,906,598)	201,429,468	180,055,863
Net profit attributable to equity holders of the Company for the three months ended 31 March		-			-	-	-	-	4,157,162	10,270,291	4,157,162	10,270,291
Balance as at 31 March	142,000,000	142,000,000	75,816,410	75,816,410	6,831,045	4,604,647	2,541,404	2,541,404	(21,602,229)	(34,636,307)	205,586,630	190,326,154
Net profit attributable to equity holders of the Company for the three months ended 30 June		-			-	-	-	-	5,388,355	1,902,555	5,388,355	1,902,555
Balance as at 30 June	142,000,000	142,000,000	75,816,410	75,816,410	6,831,045	4,604,647	2,541,404	2,541,404	(16,213,874)	(32,733,752)	210,974,985	192,228,709

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 healthcare products with the function of regulating the blood sugar level and sugar-free products beneficial to the health of human body.

Fertilizer products

Affected by the persistent low price of urea during the preceding period, the compound fertilizer raw materials market remained sluggish during the year, the overall compound fertilizer market was fragile in peak season, and the operating rate of the industry and selling price of products declined as compared to the same period of last year. As such, distributors and consumers have become more prudent in procurement and pressure has been exerted on the inventory level of raw materials of compound fertilizer manufacturers and finished stocks. To confront with the sluggish compound fertilizer market, the Company as one of compound fertilizer manufacturers specifically focused on strengthening marketing management, taking full advantage of the market influence of “Fulilong” brand, maintaining and expanding marketing channels to minimize the adverse impact of the market environment.

Health care products

With the raising living standard and growing health awareness, it has become a trend for our citizens to invest in health. Natural, healthy and nutritious will become the major focus of health care food. Currently, the National Development and Reform Commission and the Ministry of Industry and Information Technology have included “nutrient and health care food manufacturing industry” into the state development plans. The Company will grasp this historical opportunity for development and in order to meet the market demand, Tianjin Alpha Health Care Products Co. Ltd., a subsidiary of the Company, has completed the construction of new plants and moderately expanded production scale. At the same time, the Company has achieved fruitful results by taking advantage of the market influence of “Alpha” brand and proactively establishing marketing network.

Finance Review

Turnover, gross profit and gross profit margin

For the six months ended 30 June 2014, the Group achieved total turnover of RMB276,956,208, representing a decrease of 13.28% as compared to the same period of last year (30 June 2013: RMB319,365,053), of which, the Group recorded turnover of RMB239,744,740 for compound fertilizer products, representing a decrease of 14.26% as compared to the same period of last year (30 June 2013: RMB279,634,283); the Group recorded turnover of RMB37,211,468 for health care products, representing a decrease of 6.34% as compared to the same period of last year (30 June 2013: RMB39,730,770).

For the six months ended 30 June 2014, the consolidated gross profit of the Group was RMB51,853,535, representing a decrease of 20.07% as compared to the same period of last year (30 June 2013: RMB64,871,303); the consolidated gross profit margin of the Group was 18.72%, representing a decrease as compared to the same period of last year (30 June 2013: the consolidated gross profit margin was 20.31%), which is mainly due to the persistent decrease in price of compound fertilizer products as result of the impact of price decline of raw materials (especially urea) and the continuous downturn in the compound fertilizer market on the compound fertilizer business of the Group on one hand; and a relatively higher production cost in the Group's health care product business caused by factors such as rising prices of raw materials on the other hand, both in turn leading to a decline in both the consolidated gross profit margin and gross profit of the Group.

Selling and distribution costs

For the six months ended 30 June 2014, selling and distribution costs of the Group were RMB18,434,963. During the period under review, selling and distribution costs decreased by 6.82% as compared to the same period of last year (30 June 2013: RMB19,784,481), accounting for 6.66% of turnover (30 June 2013: 6.19%). Under the increasing competitive environment in the health care products market, the Group appropriately strengthened its marketing efforts on health care products in the first half of the year, as a result of which the percentage of selling and distribution costs over turnover increased slightly as compared to last year.

Research and development and administrative expenses

For the six months ended 30 June 2014, research and development and administrative expenses of the Group were RMB19,893,607, representing a decrease of 33.03% as compared to the same period of last year (30 June 2013: RMB29,704,962). During the period under review, the Group proactively and reasonably controlled management expenses, as a result of which research and development and administrative expenses decreased significantly as compared to last year.

Finance costs

For the six months ended 30 June 2014, finance costs of the Group were RMB3,720,028, representing an increase of 25.24% as compared to the same period of last year (30 June 2013: RMB2,970,385), 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 2014, the profit attributable to the equity owners of the Company was RMB9,545,517, representing a decrease of 21.58% as compared to the same period of last year (30 June 2013: RMB12,172,846); earnings per share of the Company were RMB0.67 cents (30 June 2013: RMB0.86 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 2014, the bank and cash balance of the Group was approximately RMB20,047,559 (31 December 2013: RMB43,108,953), bank borrowings were RMB105,800,000 (31 December 2013: RMB102,300,000) and bills payable were nil (31 December 2013: RMB1,000,000). The bank borrowings provided by various banks in the PRC were denominated in RMB and at fixed annual interest rates ranging from 6.9% to 9.0% (31 December 2013: ranging from 6.2% to 8.6%). The bank borrowings amounting to RMB63,800,000 and RMB42,000,000 in aggregate will be due in the second half of 2014 and in the first half of 2015 respectively.

As at 30 June 2014, the total asset of the Group amounted to approximately RMB410,090,394 (31 December 2013: RMB412,863,536), with total current liabilities of approximately RMB175,735,316 (31 December 2013: RMB188,092,570), shareholders' equity of RMB210,974,985 (31 December 2013: RMB201,429,468) and minority interests of approximately RMB23,380,093 (31 December 2013: RMB23,341,498).

As at 30 June 2014, the consolidated asset debt ratio of the Group, which is the ratio between the total liabilities and the total assets, was 0.43 (31 December 2013: 0.46). The gearing ratio of the Group, which is the ratio between the total bank borrowings and the total assets, was 0.26 (31 December 2013: 0.25). The current ratio of the Group, which is the ratio between the current assets and the current liabilities, was 1.80 (31 December 2013: 1.73).

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 June 2014, the Group and the Company had contingent liabilities amounting to RMB65,000,000 (31 December 2013: RMB65,000,000) and RMB55,000,000 (31 December 2013: RMB45,000,000) 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 PRC.

FUTURE OUTLOOK

As food is the most basic necessity of everyone, stable and growing production of agricultural products is a prerequisite to ensure the safety supply of food in our country. The rapid and steady development of chemical fertilizers, as an important production material, carries significant weight. With the growing concern on ecological environment, the concept of developing ecological agriculture is deeply rooted among people and fertilizer products which is energy-saving, highly effective, environmentally friendly and productive, are in huge demand. The new active fertilizer researched and developed by Guangdong Fulilong Compound Fertilisers Co., Ltd. ("Guangdong Fulilong"), a wholly-owned subsidiary of the Company, has achieved satisfactory results in increasing the utilization of fertilizer nutrients in soil. On 12 July 2014, experts of the Chinese Society of Plant Nutrient and Fertilizer Science held an appraisal conference for the results of "the application and research of key technology and products on the industrialization of active fertilizers" accomplished by Guangdong Fulilong and the appraisal committee unanimously held the view that the results possessed proprietary intellectual rights, acquired various national patents and reached the internationally advanced level. The Company will continue with its determination in the research, development and operation of new fertilizers, put more efforts on the adjustment of product structure and research on innovative technology and service upgrade in order to promote its core competitiveness in the future.

With progress of the State's initiatives in promoting public health and nutrition, the healthy and nutritious products industry kept expanding and the demand for health care food has also kept increasing rapidly. At present, our country is on the course of doubling GDP per capita from US\$4,000 to US\$8,000, and the health care food is gradually turning into necessary nutrition supplements for diets from high-end consumer products and gifts. It is expected that the whole industry will step into the "golden period" during which the scale will grow rapidly. Tianjin Alpha, a wholly-owned subsidiary of the Company, will take the opportunity brought by the newly opened plants to further optimize product structure, implement mix strategies on marketing and strive to achieve the Group's operating targets of health care food.

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

As at 30 June 2014, the interests of the directors and supervisors of the Company and their respective associates in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) were as follows:

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

Directors/Supervisors/ Executive Officers	Personal	Family	Corporate	Other	Total	Percentage of the issued share capital
Mr. Chen Yingzhong	-	-	170,000,000 (Note)	-	170,000,000	11.97%

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

Save as disclosed in this paragraph, as at 30 June 2014, 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 2014, 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 ("TTII")	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 Lvye Fertilizers Company Limited ("Lvye 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 2014, 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.

APPOINTMENT OF DIRECTORS

Reference is made to the announcement of the Company dated 19 March 2014, the Board of the Company proposed to appoint Mr. Chen Yingzhong as an executive Director for a term expiring on 31 December 2016, and the appointment was approved by the Shareholders by way of an ordinary resolution at the annual general meeting on 13 May 2014.

TRANSFER OF LISTING

Pursuant to Chapter 9A of the Main Board Listing Rules, the Board of the Company proposes the transfer of listing from the Growth Enterprise Market to the Main Board of the Stock Exchange of Hong Kong Limited and the Transfer of Listing is subject to the approvals of Shareholders and the Stock Exchange of Hong Kong. Shareholders may refer to circular of the Company dated 19 May 2014 and results announcements of the extraordinary general meeting and class meeting dated 4 July 2014 for detailed information on the Transfer of Listing of the Company, the amendments on the Articles of Association of the Company, and the granting of authorization to the Board to take any actions as it may consider necessary, desirable and expedient in relation to the related matters.

COMPETING INTERESTS

During the six months ended 30 June 2014, 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 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 2014.

SHARE OPTION SCHEME

During the period ended 30 June 2014, the Company has no existing share option scheme.

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 first half of 2014 under review.

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 2014 under review.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company has endeavored to apply the code provisions as set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 15 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited to the internal operations of the Group. 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. The Directors are of the view that, the Company had complied with the provisions of the Code except A.2.1 of the Code during the period under review.

As Mr. Wang Shuxin was the Chief Executive Officer, such practice deviates from A.2.1 of the Code which requires that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. However, at the present stage, the Board is of the view that it is in the best interests of the Company for Mr. Wang Shuxin to hold both positions as it helps to maintain the continuity of the policies and the stability of the operations of the Company. The Company has been proactively recruiting candidates for the post of Chief Executive Officer through different means so as to fulfill the requirements of A.2.1 of the Code as soon as practicable for increasing the transparency and independence of corporate governance.

By order of the Board

Wang Shuxin

Chairman

Tianjin, the PRC

7 August 2014

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

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