



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)



2015 THIRD QUARTERLY REPORT

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

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The information set out in this report, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited (“the Company”) collectively and individually accept full responsibility, is given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this report or any statement herein misleading.

HIGHLIGHTS

- Consolidated turnover of the Group for the nine months ended 30 September 2015 amounted to RMB478,857,910, representing an increase of 12.57% as compared to the same period of last year (30 September 2014: RMB425,368,520).
- Consolidated gross profit of the Group for the nine months ended 30 September 2015 amounted to RMB96,836,530, representing an increase of 18.88% as compared to the same period of last year (30 September 2014: RMB81,455,652).
- Profit attributable to the equity owners of the Company for the nine months ended 30 September 2015 was RMB19,520,399, representing an increase of 43.94% as compared to the same period of last year (30 September 2014: RMB13,561,369); and the earnings per share of the Company was RMB1.22 cents (30 September 2014: RMB0.96 cents).
- The Board does not recommend the payment of dividend for the nine months ended 30 September 2015.

RESULTS OF THE THIRD QUARTERLY (UNAUDITED)

The board of directors (the “Board”) of Tianjin TEDA Biomedical Engineering Company Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (hereafter collectively referred to as the “Group”) for the nine months ended 30 September 2015, together with the comparative figures of the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	For the nine months ended 30 September		For the three months ended 30 September	
		2015 (Unaudited) RMB	2014 (Unaudited) RMB	2015 (Unaudited) RMB	2014 (Unaudited) RMB
Turnover	2	478,857,910	425,368,520	204,921,216	148,412,312
Cost of sales		(382,021,380)	(343,912,868)	(162,988,855)	(118,810,195)
Gross profit		96,836,530	81,455,652	41,932,361	29,602,117
Other income and net gains		1,666,226	378,990	1,682,452	45,325
Selling and distribution costs		(31,787,514)	(31,346,582)	(10,850,714)	(12,911,619)
R&D and administrative expenses		(42,207,372)	(30,410,241)	(14,774,165)	(10,516,634)
Finance costs		(5,625,523)	(5,999,408)	(1,433,506)	(2,279,379)
Profit before taxation		18,882,347	14,078,411	16,556,428	3,939,810
Income tax expenses	3	(2,025,236)	(554,489)	(1,297,443)	–
Profit and comprehensive income for the period		16,857,111	13,523,922	15,258,985	3,939,810
Attributable to:					
Owners of the Company		19,520,399	13,561,369	13,877,210	4,015,852
Non-controlling interests		(2,663,288)	(37,447)	1,381,775	(76,042)
		16,857,111	13,523,922	15,258,985	3,939,810
Earnings per share					
— Basic (RMB)		1.22 cents	0.96 cents	0.87 cents	0.28 cents

Notes:

1. BASIS OF PRESENTATION

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 2014.

2. TURNOVER

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

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

	For the nine months ended 30 September		For the three months ended 30 September	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Turnover				
Fertilizer products	422,103,254	360,698,945	180,856,154	120,954,205
Health care products	56,754,656	64,669,575	24,065,062	27,458,107
	478,857,910	425,368,520	204,921,216	148,412,312

3. TAXATION

(a) Enterprise income tax ("EIT")

In accordance with the new PRC Enterprise Income Tax Law which became effective from 1 January 2008, a unified enterprise income tax rate of 25% will be applied to both domestic-invested enterprises and foreign-invested enterprises. Enterprises established prior to 16 March 2007 eligible for preferential tax treatment in accordance with the currently prevailing tax laws and administrative regulations shall, under the regulations of the State Council, gradually be subject to the new tax rate over a five-year transitional period until 2012. Accordingly, the Company and Shandong Hidersun Fertilizer Co., Ltd. are subject to EIT rate of 25% for the year (2014: 25%).

The Company has not provided for any EIT (2014: nil) since it has no taxable income for the period.

On 21 October 2014, Tianjin Alpha HealthCare Products Co., Ltd. was approved as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15% (2014: 25%).

Tianjin Alpha Beverage Sales Co., Ltd. was incorporated on 2 March 2015. It is a 55% owned subsidiary of Tianjin Alpha HealthCare Products Co., Ltd. Tianjin Alpha Beverage Sales Co., Ltd. is subject to EIT rate of 25% for the year. It has not provided for any EIT since it has no taxable income for the period.

Shandong Hidersun Fertilizer Co., Ltd. has not provided for any EIT since it has no taxable income for the period (2014: nil).

On 10 October 2014, 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% (2014: 15%).

(b) Income tax expense

	For the nine months ended 30 September	
	2015	2014
	RMB'000	RMB'000
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	2,025	554

The income tax charge in Hong Kong is Nil for the period ended 30 September 2015 (September 2014: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB2,025,236 for the period ended 30 September 2015 (September 2014: RMB554,489).

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

	For the nine months ended 30 September	
	2015	2014
	RMB'000	RMB'000
Profit before tax	18,882	14,078
Tax calculated at the EIT rate of 25%	4,721	3,520
Tax rate differential	(1,978)	(1,551)
Effect of tax holiday exemption	–	–
Effect of the tax losses on consolidation	(718)	(1,415)
Tax effect of expenses that are not deductible in determining taxable profit	–	–
Tax expense for the period	2,025	554

4. PROFIT PER SHARE

For the nine months ended 30 September 2015, the calculation of profit per share is based on the Group's profit attributable to equity holders of RMB19,520,399 (September 2014: profit of RMB13,561,369), divided by the total number of shares issued by the Company of 1,595,000,000 shares (September 2014: 1,420,000,000 shares). Diluted profit per share is not presented as there are no dilutive potential shares during the period.

DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2015 (September 2014: Nil).

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital		Share premium		Surplus reserve		Capital reserve		Other reserve		Accumulated Losses/Profits		Total	
	2015 RMB	2014 RMB	2015 RMB	2014 RMB	2015 RMB	2014 RMB	2015 RMB	2014 RMB	2015 RMB	2014 RMB	2015 RMB	2014 RMB	2015 RMB	2014 RMB
Balance as at 1 January	142,000,000	142,000,000	75,816,410	75,816,410	6,831,045	6,831,045	2,541,404	2,541,404	(22,032,403)	-	(7,135,471)	(25,759,391)	198,020,985	201,429,468
Net profit attributable to equity holders of the Company for the three months ended 31 March	-	-	-	-	-	-	-	-	-	-	2,651,479	4,157,162	2,651,479	4,157,162
Balance as at 31 March	142,000,000	142,000,000	75,816,410	75,816,410	6,831,045	6,831,045	2,541,404	2,541,404	(22,032,403)	-	(4,483,992)	(21,602,229)	200,672,464	205,586,630
Net profit attributable to equity holders of the Company for the three months ended 30 June	-	-	-	-	-	-	-	-	-	-	2,991,710	5,388,355	2,991,710	5,388,355
Issue of shares	17,500,000	-	78,851,461	-	-	-	-	-	-	-	-	-	96,351,461	-
Balance as at 30 June	159,500,000	142,000,000	154,667,871	75,816,410	6,831,045	6,831,045	2,541,404	2,541,404	(22,032,403)	-	(1,492,282)	(16,213,874)	300,015,635	210,974,985
Net profit attributable to equity holders of the Company for the three months ended 30 September	-	-	-	-	-	-	-	-	-	-	13,877,210	4,015,852	13,877,210	4,015,852
Balance as at 30 September	159,500,000	142,000,000	154,667,871	75,816,410	6,831,045	6,831,045	2,541,404	2,541,404	(22,032,403)	-	12,384,928	(12,198,022)	313,892,845	214,990,837

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The Group is mainly engaged in two industry sectors: (i) biological compound fertilizer products, including a series of biological compound fertilizer products under the brand of "Fullong" used for the promotion of balanced growth of grains and fruit and vegetables, and (ii) health care products, including a series of health care products under the brand of "Alpha", which covers diabetic healthcare products with the function of regulating the blood sugar level and sugar-free products beneficial to the health of human body.

Financial Review

For the nine months ended 30 September 2015, the Group achieved total turnover of RMB478,857,910, representing an increase of 12.57% as compared to the same period of last year (30 September 2014: RMB425,368,520). In the aspect of business, for the nine months ended 30 September 2015, the Group recorded a turnover of RMB422,103,254 for compound fertilizer products, representing an increase of 17.02% as compared to the same period of last year (30 September 2014: RMB360,698,945); the Group recorded a turnover of RMB56,754,656 for health care products, representing a decrease of 12.24% as compared to the same period of last year (30 September 2014: RMB64,669,575).

For the nine months ended 30 September 2015, the consolidated gross profit of the Group's two major businesses was RMB96,836,530, representing an increase of 18.88% as compared to the same period of last year (30 September 2014: RMB81,455,652); the consolidated gross profit margin of the Group was 20.22%, representing an increase of 1.07% as compared to the same period of last year (30 September 2014: the consolidated gross profit margin was 19.15%).

Facing the depressed market situation this year, the management of the Group moderately enhanced its marketing efforts as well as reasonably controlled selling expense. For the nine months ended 30 September 2015, the selling and distribution expenses of the Group were RMB31,787,514, representing a slight increase of 1.41% as compared to the same period of last year (30 September 2014: RMB31,346,582) on the basis of the substantial increase of 12.57% in total turnover; research and development and administrative expenses were RMB42,207,372, representing an increase of 38.79% as compared to last year (30 September 2014: RMB30,410,241), which was mainly due to more funding for the research and development of compound fertilizer products and the Group's appropriate increase in the provision for impairment pursuant to the Hong Kong Financial Reporting Standards as a result of the significant increase in the receivables of the Group as at 30 September 2015 as compared to those as at the same period of last year. During the period under review, finance costs of the Group were RMB5,625,523, representing a decrease of 6.23% as compared to the same period of last year (30 September 2014: RMB5,999,408). For the nine months ended 30 September 2015, the profit attributable to the owners of the Company was RMB19,520,399, representing an increase of 43.94% as compared to the same period of last year (30 September 2014: RMB13,561,369); earnings per share of the Company were RMB1.22 cents, while earnings per share of the same period of last year were RMB0.96 cents.

PLEDGE OF ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2015, the Group and the Company had contingent liabilities amounting to RMB41,000,000 (31 December 2014: RMB45,000,000) and RMB31,000,000 (31 December 2014: 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

The compound fertilizer industry is closely related to agricultural production, thus people's livelihood. Currently, the Chinese government launches a series of measures to accelerate the rural land transfer, and encourages the formation of sizeable professional agricultural production units or groups so as to promote the mechanization and technicalization of crops planation, which will be beneficial to the development of enterprises that produce compound fertilizers. Recently, the Ministry of Agriculture formulates the "Action Program for Zero Growth in the Use of Fertilizer by 2020" (《到2020年化肥使用量零增長行動方案》), which urgently demands to resolve the issues of increase in costs and environmental pollution caused by the excessive and abusive use of fertilizers, improve the way fertilizers are used, enhance fertilizer utilization and reduce unreasonable use of fertilizers, so as to ensure the effective supply of major agricultural products, such as grains, and promote the sustainable development of agriculture. The new compound fertilizers, namely Zhilong active fertilizers and bio-organic fertilizers, which are launched successfully by the Company's subsidiaries, Guangdong Fulilong Compound Fertilizers Co., Ltd. and Shandong Hidersun Fertilizer Co., Ltd., are fully in line with the concept of environmental protection and the development direction of new compound fertilizers. In addition, the affiliated compound fertilizer producing enterprises of the Company will further strengthen their marketing efforts.

In view of the increase in chronic diseases and the aging of the population in China, we notice a trend that more and more people consume various kinds of nutrient and healthcare products. The newly amended Food Safety Law of the PRC passed at the Fourteenth Meeting of the 12th Standing Committee of National People's Congress has been effective since 1 October 2015, which expressly specifies the legal status of healthcare products. It is believed that the improvement of national regulatory system for healthcare food will play a positive role in the healthy development of the healthcare food industry. Tianjin Alpha HealthCare Products Co., Ltd., a subsidiary of the Company will introduce strategic investors in order to optimize its financial structure and actively respond to the health food market competition which is increasingly fierce.

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

As at 30 September 2015, 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	Percentage of the issued share capital	
					Total	
Mr. Chen Yingzhong	-	-	170,000,000 (Note)	-	170,000,000	10.66%

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

Save as disclosed in this paragraph, as at 30 September 2015, 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, 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 September 2015, 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	182,500,000 (Note)	11.44%
Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment")	Beneficial owner	180,000,000 (Note)	11.29%
Shandong Zhinong Fertilizers Company Limited ("Zhinong Fertilizers")	Beneficial owner	170,000,000 (Note)	10.66%
Dongguan Lvye Fertilizers Company Limited ("Lvye Fertilizers")	Beneficial owner	120,000,000 (Note)	7.52%

Note: All of the shares represent domestic shares

Save as disclosed above, as at 30 September 2015, the directors of the Company were not aware of any other person (other than the directors and the supervisors of the Company) who had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

RESIGNATION, REDESIGNATION AND APPOINTMENT OF DIRECTORS AND SUPERVISORS

The Company issued an announcement on 30 June 2015 that the Board has accepted the resignations of Mr. Xie Guangbei, a non-executive Director, and Mr. Zhao Kuiying, an Independent Supervisor, respectively with effect from 30 June 2015.

The Board proposed to redesignate Mr. Chen Yingzhong, an executive Director, as a non-executive Director of the Company with effect from the date of shareholders' approval and expiring on 31 December 2016. The Board also proposed to appoint Ms. Sun Li as an executive Director and Mr. Liang Weitao as an Independent Supervisor for a term commencing on the date of shareholders' approval and expiring on 31 December 2016. The aforesaid proposals were passed as ordinary resolutions by the shareholders at the extraordinary general meeting convened on 20 August 2015. Please refer to the notice of extraordinary general meeting and circular of the Company both dated 1 July 2015 and the announcement dated 20 August 2015 in respect of the results of the extraordinary general meeting published on the GEM website for details.

CHANGE OF CHAIRMAN OF THE BOARD

The Company issued an announcement on 20 August 2015 that Mr. Wang Shuxin has resigned as the chairman of the Board and the chairman of the Nomination Committee due to his busy schedule and that he wishes to devote more time on pursuing his other business commitments with effect from 20 August 2015. The Board has elected Ms. Sun Li, an executive director of the Company, to replace Mr. Wang Shuxin as the chairman of the Board and as the chairman of the Nomination Committee with effect from 20 August 2015. Please refer to the announcement of the Company dated 20 August 2015 published on the GEM website for details.

CHANGE OF CHIEF EXECUTIVE OFFICER

The Company issued an announcement on 14 September 2015 that Mr. Wang Shuxin resigned as the chief executive officer of the Company due to his busy schedule and his other business engagements with effect from 14 September 2015. The Board also announced that Ms. Sun Li was appointed to replace Mr. Wang Shuxin as the chief executive officer of the Company with effect from 14 September 2015. Please refer to the announcement of the Company dated 14 September 2015 published on the GEM website for details.

DEEMED DISPOSAL OF A NON-WHOLLY OWNED SUBSIDIARY

The Company issued an announcement on 30 September 2015 that on 24 June 2015, Tianjin Alpha HealthCare Products Co., Ltd. ("Tianjin Alpha"), all its founding equityholders (including the Company) entered into a capital increase agreement (the "Agreement") with seven independent individual third parties (the "Investors"), pursuant to which the Investors agreed to make the capital contribution of RMB14 million (the "Capital Contribution") to Tianjin Alpha, of which RMB3.5 million are allocated to registered capital. After the Capital Contribution, the Company's equity interest in Tianjin Alpha is reduced from 50.16% to 38.84%, but the Company remains as the single largest equityholder without any changes to the composition of the board of directors of Tianjin Alpha and with the chairman of the board of directors of Tianjin Alpha as well as the legal representative of Tianjin Alpha still being appointed by the Company according to the Articles of Association of Tianjin Alpha. In addition, on the even date, Tianjin Jinnasen Technology Development Co. Ltd. ("Jinnasen") signed an undertaking (the "Undertaking") in the form of a supplemental agreement in favour of the Company warranting to act in concert with and act according to the decision of the Company in voting at equityholders' meeting and management of Tianjin Alpha until 30 September 2015. Thus Tianjin Alpha remains as a subsidiary of the Company after the Capital Contribution.

After the expiry of the Undertaking, the Company still actually controls Tianjin Alpha including its board of directors and management, but it could not warrant that it will continue to have control of it, thus Tianjin Alpha may cease to be a subsidiary of the Company depending on the final review of the position of the Company's control of Tianjin Alpha at the year end of 2015 by the auditors of the Company. In this regard, the Capital Contribution may constitute a deemed disposal of interests in Tianjin Alpha under the GEM Listing Rules and the applicable percentage ratios (as defined in the GEM Listing Rules) exceed 5% but are less than 25% which renders the Capital Contribution to be a discloseable transaction of the Company under the GEM Listing Rules. Please refer to the announcement of the Company dated 30 September 2015 published on the GEM website for details.

COMPETING INTERESTS

During the nine months ended 30 September 2015, 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 Effective Audit Committees” 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. Peter K.S. Chan, among whom, Mr. Guan Tong has been appointed as the chairman of the committee by virtue of his professional qualifications in accounting and auditing experience.

The Audit Committee has reviewed the results and the third quarterly report of the Group for the nine months ended 30 September 2015.

SHARE OPTION SCHEME

During the period ended 30 September 2015, 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 period ended 30 September 2015.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company did not redeem any of its shares during the period under review. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company’s shares during the period ended 30 September 2015.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company has endeavored to apply the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 15 of the GEM Listing Rules 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 for A.2.1 of the Code during the period under review.

Since 14 September 2015, as Ms. Sun Li, the chairman of the Company, serves as 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. Currently, the Board is of the view that it is in the best interests of the Company for Ms. Sun Li to hold both positions as it helps to maintain the stability of the operations and future business development of the Company. The Company will proactively recruit candidates for the position of the chief executive officer through different channels so as to meet the A.2.1 requirements of the Code as soon as practicable and to increase the transparency and independence of corporate governance.

By order of the Board

Sun Li

Chairman

Tianjin, the PRC
10 November 2015

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

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