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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 THIRD QUARTERLY RESULTS FOR 2011

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.

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This announcement, for which the directors of Tianjin TEDA Biomedical Engineering Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Tianjin TEDA Biomedical Engineering Company Limited. The directors, 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.*

HIGHLIGHTS

- Turnover of the Group for the nine months ended 30 September 2011 amounted to RMB425,044,315, representing an year-on-year increase of 29.89% as compared to that of last year. The realised gross profit of the Group was RMB78,602,935, representing an year-on-year increase of 39.80% as compared to that of last year. The consolidated gross profit margin of the Group increased to 18.49%, as compared to 17.18% for the corresponding period of last year.
- Profit attributable to the owners of the Company for the nine months ended 30 September 2011 was RMB7,569,907, representing an year-on-year increase of 123.32% as compared to that of last year, and the earnings per share of the Company was RMB0.53 cents, as compared to earnings per share of RMB0.24 cents for the corresponding period of last year.

THIRD QUARTERLY RESULTS (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 2011, together with the comparative figures of the corresponding period in 2010 as follows:

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Notes</i>	For the nine months ended 30 September		For the three months ended 30 September	
		2011 (Unaudited) <i>RMB</i>	2010 (Unaudited) <i>RMB</i>	2011 (Unaudited) <i>RMB</i>	2010 (Unaudited) <i>RMB</i>
Turnover	2	425,044,315	327,236,524	171,054,978	137,448,013
Cost of sales		(346,441,380)	(271,009,882)	(138,616,083)	(116,977,080)
Gross profit		78,602,935	56,226,642	32,438,895	20,470,933
Other income less other expenses		829,270	9,910,974	102,354	6,212,792
Selling and distribution costs R&D and Administrative expenses		(29,805,966)	(29,422,834)	(9,593,690)	(9,795,452)
		(32,188,315)	(27,864,695)	(14,759,457)	(12,357,706)
Finance costs		(5,089,281)	(3,948,220)	(1,594,125)	(1,369,107)
Profit before taxation		12,348,643	4,901,867	6,593,977	3,161,460
Income tax	3	(628,763)	(1,052,773)	(103,982)	(598,458)
Profit and comprehensive income for the period		11,719,880	3,849,094	6,489,995	2,563,002
Attributable to :					
Owners of the Company		7,569,907	3,389,685	4,441,088	1,324,086
Minority interests		(4,149,973)	(459,409)	(2,048,907)	(1,238,916)
		11,719,880	3,849,094	6,489,995	2,563,002
Earnings per share – Basic (RMB)		0.53 cents	0.24 cents	0.31 cents	0.09 cents

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 RMB73,242,336 as at 30 September 2011. 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 quarterly results for the nine months ended 30 September 2011 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 2010.

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 nine months ended 30 September		For the three months ended 30 September	
	2011 RMB	2010 RMB	2011 RMB	2010 RMB
Turnover				
Fertilizer products	347,830,399	260,733,760	140,714,717	110,817,663
Medical & health products	77,213,916	66,502,764	30,340,261	26,630,350
	<u>425,044,315</u>	<u>327,236,524</u>	<u>171,054,978</u>	<u>137,448,013</u>

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 ("SD Hidersun") can continue to enjoy the preferential tax rates during the transitional period and are subject to EIT rate of 24% for the year (2010: 22%).

The Company has not provided for any EIT (2010: nil) since it has no taxable income for the period.

On 8 June 2009, Tianjin Alpha HealthCare Products Co., Ltd ("Alpha"), was approved as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15% (2010: 15%) for the period from 8 June 2009 to 7 June 2012.

SD Hidersun has not provided for any EIT since it has no taxable income for the period (2010: nil).

On 16 December 2008, Guangdong Fulilong Compound Fertilizers Co., Ltd. (“GD Fuliong”) was approved as a new and high technology enterprise and was therefore entitled to a preferential tax rate of 15%(2010: 15%) for the period from 8 June 2009 to 7 June 2012.

(b) Income tax expense

	For the nine months ended 30 September	
	2011	2010
	RMB'000	RMB'000
Current Tax		
Hong Kong	Nil	Nil
Other Jurisdictions	629	1,053

The income tax charge in Hong Kong is Nil for the period ended 30 September 2011 (September 2010: Nil) as the Company did not carry on any business in Hong Kong during the period. The income tax charge in the PRC is RMB628,763 for the period ended 30 September 2011 (September 2010: RMB1,052,773).

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

	For the nine months ended 30 September	
	2011	2010
	RMB'000	RMB'000
Profit before tax	12,349	4,902
Tax calculated at the EIT rate of 25%	3,087	1,226
Tax rate differential	(875)	(1,041)
Effect of tax holiday exemption	-	-
Effect of the tax losses on consolidation	(1,583)	868
Tax effect of expenses that are not deductible in determining taxable profit	-	-
Tax expense for the period	629	1,053

4. PROFIT PER SHARE

For the nine months ended 30 September 2011, the calculation of profit per share is based on the Group’s profit attributable to equity holders of RMB7,569,907 (September 2010: profit of RMB3,389,685), divided by the total number of shares issued by the Company of 1,420,000,000 shares (September 2010: 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 2011 (September 2010: Nil).

MOVEMENT OF RESERVES

	Share Capital		Share Premium		Accumulated Losses		Reserve		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Balance as at 1 January	<u>142,000,000</u>	<u>142,000,000</u>	<u>75,816,410</u>	<u>75,816,410</u>	<u>(80,812,243)</u>	<u>(86,435,451)</u>	<u>4,056,404</u>	<u>3,537,570</u>	<u>141,060,571</u>	<u>134,918,529</u>
Net profit/(loss) attributable to equity holders of the Company for the three months ended 31 March	-	-	-	-	<u>797,921</u>	<u>34,183</u>	-	-	<u>797,921</u>	<u>34,183</u>
Balance as at 31 March	<u>142,000,000</u>	<u>142,000,000</u>	<u>75,816,410</u>	<u>75,816,410</u>	<u>(80,014,322)</u>	<u>(86,401,268)</u>	<u>4,056,404</u>	<u>3,537,570</u>	<u>141,858,492</u>	<u>134,952,712</u>
Net profit/(loss) attributable to equity holders of the Company for the three months ended 30 June	-	-	-	-	<u>2,330,898</u>	<u>2,031,416</u>	-	-	<u>2,330,898</u>	<u>2,031,416</u>
Balance as at 30 June	<u>142,000,000</u>	<u>142,000,000</u>	<u>75,816,410</u>	<u>75,816,410</u>	<u>(77,683,424)</u>	<u>(84,369,852)</u>	<u>4,056,404</u>	<u>3,537,570</u>	<u>144,189,390</u>	<u>136,984,128</u>
Net profit/(loss) attributable to equity holders of the Company for the three months ended 30 September	-	-	-	-	<u>4,441,088</u>	<u>1,324,086</u>	-	-	<u>4,441,088</u>	<u>1,324,086</u>
Balance as at 30 September	<u>142,000,000</u>	<u>142,000,000</u>	<u>75,816,410</u>	<u>75,816,410</u>	<u>(73,242,336)</u>	<u>(83,045,766)</u>	<u>4,056,404</u>	<u>3,537,570</u>	<u>148,630,478</u>	<u>138,308,214</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the nine months ended 30 September 2011, the Group was principally engaged in (1) biological compound fertilizer products; and (2) medical and health products, including series of diabetic health products and sugar-free products which are beneficial to the health of human body.

Since the beginning of 2011, though the global economy has been recovering, the growth has slowed down especially in developed countries. Following the lowering of the US sovereign credit rating, the spreading of European sovereign debt crisis created numerous uncertainties to the world's economic development. As prices of various commodities such as international agricultural products and energy rose rapidly and over-quantitative monetary policy continuously accelerated the domestic inflation, CPI remained at a high level.

Facing such an adverse domestic economic condition, the Group actively endeavored to overcome all difficulties and its operating results have been significantly improved when compared to the corresponding period of last year. For the nine months ended 30 September 2011, the turnover of the Group amounted to RMB425,044,315, up 29.89% as compared to the corresponding period of last year, while the turnover of the Group for the three months ended 30 September 2011 was RMB171,054,978, up 24.45% as compared to the corresponding period of last year. For the nine months ended 30 September 2011, the consolidated gross profit margin of the Group increased from 17.18% for the corresponding period of last year to 18.49%, and the gross profit of the Group rose to RMB78,602,935, representing an increase of 39.80% as compared to the corresponding period of last year. During the period under review, profit attributable to the owners of the Company was RMB7,569,907 (30 September 2010: RMB3,389,685), representing an increase of 123.32% as compared to the corresponding period of last year. Earnings per share of the Company was RMB0.53 cents (30 September 2010: RMB0.24 cents).

For the nine months ended 30 September 2011, approximately 81.83% of the total turnover was generated from the sales of biological compound fertilizer products while the sales of the medical and health products accounted for the rest.

Compound Fertilizer Products

Extreme weather took place recurrently in China this year. Low rainfall in northern winter wheat region and middle and lower parts of Yangtze River throughout most of the first half of the year caused a severe drought. Upon the commencement of flood season, higher rainfall was recorded in several regions such as Jiangxi, Hunan, Guangdong and Guangxi, making a sudden turn from drought to floods in the middle and lower parts of Yangtze River. In autumn, a number of streams from Yangtze River and Yellow River overflowed heavily, causing severe floods in Sichuan, Shaanxi, Henan, Chongqing, Hubei, Shandong, Shanxi, Gansu and Qinghai. Unfavorable agricultural climate has brought certain negative impacts to the chemical fertilizer market. Furthermore, prices of raw materials of compound fertilizer climbed persistently under the influence of surging international food price and oil price this year, exerting pressure on the production costs of compound fertilizers enterprises.

Against such various adverse factors in the chemical fertilizer market, the Group endeavored to adjust its sales strategies and expand its market share. For the nine months ended 30 September 2011, the sales of the Group's biological compound fertilizer products amounted to RMB347,830,399, up 33.40% as compared to the corresponding period of last year; while the sales of the Group's biological compound fertilizer products amounted to RMB140,714,717 for the three months ended 30 September 2011, up 26.98% as compared to the corresponding period of last year. For the nine months ended 30 September 2011, the gross profit margin of the Group's biological compound fertilizer products increased from that of the corresponding period of last year of 10.71% to 12.98%. Gross profit increased 61.65% to RMB45,145,718 as compared to the corresponding period of last year.

Medical and Health Products

For the nine months ended 30 September 2011, the sales of the Group's medical and health products was RMB77,213,916, representing an increase of approximately 16.18% as compared to the corresponding period of last year. For the three months ended 30 September 2011, the sales of the Group's medical and health products was RMB30,340,261, representing an increase of approximately 13.93% as compared to the corresponding period of last year. The gross profit margin of the Group's medical and health products for the nine months ended 30 September 2011 was 43.33% (30 September 2010: 43.81%), representing a slightly decrease as compared to the corresponding period of last year, which was attributable to an increase in the production costs arose from price rises of raw materials.

Distribution and Selling

For the nine months ended 30 September 2011, given that the Group's overall realized turnover significantly increased 29.89% as compared to the corresponding period of last year, the Group's distribution and selling expenses slightly increased 1.30% to approximately RMB29,805,966 (30 September 2010: RMB29,422,834) as compared to the corresponding period of last year. During the period under review, the Group endeavored to adjust its sales strategies and committed to expand its market share while reasonably controlled relevant costs.

Research and Development and Administration

For the nine months ended 30 September 2011, R&D and administration expenses of the Group were approximately RMB32,188,315 (30 September 2010: approximately RMB27,864,695), representing an increase of 15.52% as compared to the corresponding period of last year. During the period under review, given that the Group's overall realized turnover significantly increased 29.89% as compared to the corresponding period of last year, the ratio of R&D and administration costs to prevailing turnover decreased to 7.57% (30 September 2010: 8.51%), the Group controlled R&D and administration expenses reasonably.

The total number of the employees of the Group decreased from 753 as at 30 September 2010 to 708 as at 30 September 2011, which was a normal employee turnover.

Future Outlook

This year, the PRC's overall economic development was satisfactory and developed in a way heading to austerity measure. Currently, global food demand and supply remain balanced. Factors like increased costs, abnormal climate and reducing arable area resulted in rises of food prices. As an essential agriculture related industry, there is no doubt that chemical fertilizer industry was materially affected by the international food prices and the PRC government's policies on agriculture, rural areas and farmers. According to No.1 Document 2011 issued by the PRC central government, the PRC government still focuses on the issue of agriculture, rural areas and farmers. The PRC government will substantially increase the investment in construction of infrastructure facilities in the rural areas, especially emphasizing on water conservancy infrastructure facilities. This would undoubtedly set up a key foundation for a stable chemical fertilizer market. Currently, prices of resources required in chemical fertilizer production remain high. Increasing costs and selling prices also increased the operational risk of the enterprises in the meanwhile. Under global inflation, chemical fertilizer market will be hovered at high level in the second half of 2011. The Group will adopt an aggressive and reliable sales strategy to strive for the market share expansion and consolidate the sales channels and development, so as to establish a solid foundation for the brisk sales of chemical fertilizer in the next spring.

Medical and health products of the Group mainly include diabetic food products for controlling blood sugar level and sugar-free products which are beneficial to human body. According to the latest data of 2010, the number of diabetics in China reached 92,400,000 and the lowering trend of patients' age sustained. As China has become a country with the largest population of diabetics, morbidity of adults in major and second tier cities reached 9.7% after age standardization adjustment. Hence, the future of the sugar-free products market is promising. Strictly speaking, sugar-free products industry in China should be divided into two segments: diabetic food products for controlling blood sugar level and general sugar-free products. With the number of diabetics soars in China and increasing demand for health product from public, sugar-free products industry will develop rapidly.

Looking forward to the development trend of the Group in the fourth quarter of this year and throughout 2011, the board believes that the annual operating results are expected to be notably improved as compared to 2010.

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

As at 30 September 2011, 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 positions in ordinary shares of RMB0.1 each in the Company:

Directors/supervisors/ chief executives	Personal	Family	Corporate	Other	Total	Percentage of the issued share capital
Mr. Zhang Chunsheng		2,415,000 (note 1)	180,000,000 (note 2)		182,415,000	12.85%
Mr. Xie Kehua	9,000,000 (note 3)	–	–	–	9,000,000	0.63%

Note 1: Mr. Zhang Chunsheng is deemed to be interested in 2,415,000 H shares due to his wife's, Jin Ling, personal interest in such H shares.

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

Note 3: Mr. Xie Kehua is personally interested in 9,000,000 domestic shares. Mr. Xie Kehua has resigned as an executive Director on 10 June 2011.

Save as disclosed above, as at 30 September 2011, none of the directors and supervisors of the Company had interest in any securities, 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 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) to be notified to the Company and the Exchange pursuant to the Model Code for Securities Transactions by directors relating to securities transactions by directors as set out in GEM Listing Rules 5.46 to 5.67.

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 that enables 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 acquiring shares in the Company.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2011, 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 positions in ordinary shares of RMB0.1 each in the Company:

Name of shareholders	Capacity	Number of ordinary shares	Percentage of the issued share capital
Tianjin TEDA International Incubator (“Incubator”)	Beneficial owner	200,000,000 (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 Lvyte Fertilizers Company Limited (“Lvyte Fertilizers”)	Beneficial owner	120,000,000 (note)	8.45%

Note: All represented domestic shares.

Save as disclosed above, as at 30 September 2011, the directors of the Company were not aware of any other person (other than the directors and the supervisors of the Company) who had any 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.

MATERIAL ACQUISITION AND CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 17 June 2011, in which the Company entered into an acquisition agreement to acquire a 25% equity interest in Tianjin Alpha Healthcare Products Co., Ltd. (“Alpha”), a subsidiary of the Company, at a cash consideration of RMB4,600,000 (equivalent to approximately HK\$5,540,000). The consideration was determined by the vendor and the Company after arm’s length negotiation with reference to the asset valuation of RMB19,260,000 of Alpha. The Group previously

owned 75% equity interest in Alpha. As Alpha is at the stage of profit growth, the control of a 100% equity interest in Alpha will allow the Group to capture of all profits of Alpha. The directors (including all the independent non-executive Directors) considered that the terms of the acquisition agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

RE-DESIGNATION OF DIRECTOR, APPOINTMENT OF VICE-CHAIRMAN OF THE BOARD AND CHANGE OF CHIEF EXECUTIVE OFFICER

During the period under review, Mr. Hao Zhihui, an executive Director of the Company, has been appointed as the vice-chairman of the Board by the Board and resigned as the chief executive officer of the Company on 20 April 2011. The Board also announced that Mr. Zhang Chunsheng has been appointed as the chief executive officer of the Company on 20 April 2011.

CHANGE OF DIRECTORS AND SUPERVISOR

During the period under review, Mr. Xie Kehua, an executive Director of the Company, Mr. Wei Jingquan, a non-executive Director and Mr. Zhao Tingying, a supervisor resigned as an executive Director, a non-executive Director and a supervisor of the Company, respectively on 10 June 2011. On 8 August 2011, the Company has convened an extraordinary general meeting and approved the appointments of Mr. Zhang Chunsheng as an executive Director, Mr. Ou Linfeng as a non-executive Director and Ms. Liu Jinyu as a supervisor of the Company for a term expiring on 31 December 2013.

COMPETING INTERESTS

During the nine months ended 30 September 2011, none of the directors, the supervisors, or the management shareholders and their respective associates (as defined in the 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 that are required to be disclosed pursuant to the GEM Listing Rules.

AUDIT COMMITTEE

The rights and responsibilities of the audit committee of the Company were clearly set out in a written terms of reference, the provisions of which were prepared and adopted with reference to “A Guide for the Formation of an Audit Committee” issued by the Hong Kong Institute of Certified Public Accountants. The audit committee of the Company is the essential bridge between the Board and the auditors of the Company regarding matters relating to auditing of the Group. It also reviews the efficiency of the external and internal auditing as well as the internal control and risk assessment. The audit committee of the Company consists three independent non-executive Directors, being Mr. Guan Tong, Mr. Wu Chen and Prof. Cao Kai.

The committee has reviewed the Group’s third quarterly results and third quarterly report for the nine months ended 30 September 2011.

SHARE OPTION SCHEME

During the nine months ended 30 September 2011, none of the directors or supervisors or employees of the Company or other participants of the share option scheme of the Company was granted any option to subscribe for the H shares 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 into or existed during the period under review for the nine months ended 30 September 2011.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There was no purchase, sale or redemption of any shares in the Company made by the Company or any of its subsidiaries during the nine months ended 30 September 2011.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has also made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the nine months ended 30 September 2011.

CORPORATE GOVERNANCE PRACTICES

The Board and the management of the Company are committed to establishing and maintaining good corporate governance practice code and procedures. The corporate governance principles with which the Company complies emphasize on an efficient board of directors and perfect internal control, as well as the transparency to all of the shareholders. For the nine months ended 30 September 2010, the Company has adopted the principles of the Code on Corporate Governance Practices (“Code on Corporate Governance Practices”) as set out in Appendix 15 to the GEM Listing Rules and has complied with all the code provisions.

By order of the Board
Wang Shuxin
Chairman

Tianjin, the PRC, 3 November 2011

As at the date of this announcement, the Board comprises three executive Directors, being Mr. Wang Shuxin, Mr. Hao Zhihui and Mr. Zhang Chunsheng; 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 Prof. Cao Kai.

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