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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)

PLACING OF NEW PLACING H SHARES

Financial Adviser to the Company and Placing Agent in relation to the Placing



SUMMARY

On 17 November 2008, the Company entered into the Definitive Placing Agreement with the Placing Agent in relation to the Placing, pursuant to which, the Company has agreed to appoint the Placing Agent for the purpose of procuring, on a best effort basis, subscribers for the New Placing H Shares.

The New Placing H Shares of not more than 374 million H Shares, representing approximately 61.31% of the existing issued share capital of the Company and 39.37% of the issued share capital of the Company immediately upon completion of the Placing, comprise: (i) not more than 340 million New H Shares to be allotted and issued by the Company in connection with the Placing; and (ii) not more than 34 million Sale H Shares to be converted from the same number of existing Domestic Shares held by TTII.

Based on the maximum number of the New H Shares of 340 million and the Placing Price of approximately HK\$0.115 per New Placing H Share, the gross proceeds from the placing of the New H Shares are estimated to be approximately HK\$39.1 million.

The New Placing H Shares will be allotted and issued under the New Specific Mandate granted to the Directors.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise with caution when dealing in the H Shares.

Trading in the H Shares was suspended from 9:30 a.m. on 18 November 2008 at the request of the Company pending the issue of this announcement and application has been made to the Stock Exchange for the resumption of trading of the H Shares from 9:30 a.m. on 19 November 2008.

INTRODUCTION

References are made to (i) the announcement of the Company dated 5 September 2006 and the circular of the Company dated 18 September 2006 in relation to, among others, the proposed placing of the New Placing H Shares and proposed granting of a specific mandate; (ii) the announcement of the Company dated 27 September 2006 in relation to the postponement of extraordinary general meeting and class meetings of the Company; (iii) the announcement of the Company dated 20 November 2006 in relation to the results of extraordinary general meeting and class meetings of the Company in relation to, among others, approval of the proposed placing of the New Placing H Shares and granting of a specific mandate; (iv) the announcement of the Company dated 1 November 2007 and the circular of the Company dated 8 November 2007 in relation to, among others, the New Specific Mandate from the Shareholders; and (v) the announcement of the Company dated 24 December 2007 in relation to the results of Further EGM.

DEFINITIVE PLACING AGREEMENT

Date: 17 November 2008

Parties: (i) the Company, as the issuer; and
(ii) China Merchants, as the Placing Agent.

The Placing

The Company has agreed to appoint the Placing Agent, as the placing agent for the Company, for the purpose of procuring, on a best effort basis, subscribers for the New Placing H Shares, subject to the conditions mentioned in the paragraph headed “Conditions of the Definitive Placing Agreement” below.

Number of the New Placing H Shares to be placed

An aggregate of not more than 374 million H Shares, representing approximately 61.31% of the existing issued share capital of the Company and 39.37% of the issued share capital of the Company immediately upon completion of the Placing, will be placed by the Placing Agent on a best effort basis. The 374 million New Placing H Shares comprise: (i) not more than 340 million New H Shares to be allotted and issued by the Company in connection with the Placing; and (ii) not more than 34 million Sale H Shares to be converted from the same number of existing Domestic Shares held by TTII.

The 340 million New H Shares represent approximately 55.74% of the existing issued share capital of the Company and 35.79% of the issued share capital of the Company immediately upon completion of the Placing. The 34 million Sale H Shares represent approximately 5.57% of the existing issued share capital of the Company and 3.58% of the issued share capital of the Company immediately upon completion of the Placing.

Pursuant to the State-owned Shares Reduction Regulations, for any issue of new shares by a joint stock limited company with state-owned shares, the state shareholders of such joint stock limited company shall transfer such amount of state-owned shares which is equivalent to 10% of the amount to be raised by the allotment of new shares by the joint stock limited company to 全國社會保障基金理事會 (National Council for the Social Security Fund) (the “**NSSF Council**”), which may then authorize and appoint the joint stock limited company to dispose such shares on its behalf. All of such proceeds derived from the sale of state-owned shares will be paid to the NSSF Council as required by the State-owned Shares Reduction Regulations.

Placee

The New Placing H Shares will be placed to not less than six independent professional, institutional and/or individual investors to be procured by the Placing Agent, who together with their ultimate beneficial owners are independent of the Company and not connected with any of the promoters, directors, supervisors, chief executives, substantial shareholders (as defined in the GEM Listing Rules) or management shareholders (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective associates.

The Company and the Placing Agent will ensure no new substantial shareholder (as defined in the GEM Listing Rules) will be introduced as a result of the Placing.

Placing Price

HK\$0.115 per New Placing H Shares, representing:

- (i) a discount of approximately 10.85% to the closing price of HK\$0.129 per H Share on the Stock Exchange on 17 November 2008, being the date of the Definitive Placing Agreement;
- (ii) a premium of approximately 7.68% over the average closing price of HK\$0.1068 per H Share on the Stock Exchange for the last five trading days up to and including 17 November 2008; and
- (iii) a premium of approximately 4.55% over the unaudited consolidated net asset value per H Share of approximately RMB0.097 (equivalent to approximately HK\$0.110) as at 30 June 2008 (as calculated by the unaudited net asset value of approximately RMB59,043,000 (equivalent to approximately HK\$67,094,000) and the number of Shares in issue of 610,000,000 as at 30 June 2008 based on the interim report of the Company for the six months ended 30 June 2008).

The Placing Price was agreed upon after arm’s length negotiations between the Company and the Placing Agent, and was determined by reference to, among others, the recent trading prices of the H Shares on the Stock Exchange for the 5 consecutive trading days up to and including the date of signing of the Definitive Placing Agreement, and the Placing Price should not in any way be less than the net asset value per H Share.

Conditions of the Definitive Placing Agreement

The Placing is conditional upon:

- (i) the GEM Listing Committee granting listing of and permission to deal in all the New Placing H Shares;

- (ii) the Definitive Placing Agreement not having been terminated by the Placing Agent in accordance with the termination clause stated in the Definitive Placing Agreement.

In the event of the above conditions not having been fulfilled by 24 December 2008 (or such later date as may be agreed by the Placing Agent and the Company), all rights, obligations and liabilities of the parties to the Definitive Placing Agreement in relation to the Placing shall cease and determine and none of the parties to the Definitive Placing Agreement shall have any claim against any other in respect of the Placing.

As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise with caution when dealing in the H Shares.

Completion of the Placing

Completion should take place within 14 business day (or such other date as the Company and the Placing Agent may agree in writing) following the satisfaction of all conditions mentioned in the paragraph headed “Conditions of the Definitive Placing Agreement” above.

NEW SPECIFIC MANDATE TO ISSUE THE NEW PLACING H SHARES

The New Placing H Shares will be allotted and issued under the New Specific Mandate granted to the Directors.

REGULATORY APPROVALS

All relevant PRC regulatory approvals for the Placing have been obtained, being the approval from 中國國務院國有資產管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council of the PRC) dated 16 January 2007, the authorization and approval from the NSSF dated 12 February 2007 and the approval from 中國證券監督管理委員會 (China Securities Regulatory Commission) dated 12 December 2007.

RANKING OF NEW PLACING H SHARES

The New Placing H Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves with the existing H Shares in issue, including the right to receive all future dividends and distributions which may be declared, made or paid after the date of issue of the New Placing H Shares.

APPLICATION FOR LISTING

The Company will apply to the GEM Listing Committee for the listing of and permission to deal in the New Placing H Shares.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any other fund raising exercise in the past 12 months preceding the date of this announcement.

POSSIBLE CHANGE IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

Assuming that the maximum number of the New Placing H Shares, that is 374 million New Placing H Shares, will be issued under the Placing, the share capital and the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Placing (assuming no new H Shares were issued between the date of this announcement and the completion of the Placing) will be as follows:

Holders of Domestic Shares or H Shares	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	%	Number of Shares	%
<i>Domestic Shares</i>				
TTII	234,000,000	38.36	200,000,000	21.06
Gu Hanqing	14,000,000	2.30	14,000,000	1.47
Wenguang Media	12,000,000	1.97	12,000,000	1.26
Wuhuan Building	10,000,000	1.64	10,000,000	1.05
Xie Kehua	9,000,000	1.47	9,000,000	0.95
<i>H Shares</i>				
Dai Shi Hua	32,180,000	5.28	32,180,000	3.39
Public	298,820,000	48.98	298,820,000	31.45
Places	—	—	374,000,000	39.37
Total	<u>610,000,000</u>	<u>100.00</u>	<u>950,000,000</u>	<u>100.00</u>

REASONS FOR THE PLACING, FUND SIZE OF THE PLACING AND PROPOSED USE OF PROCEEDS

The Group is principally engaged in the research and development and commercialization of fertilizer products and medical and health products.

As stated in the interim report of the Company for the six months ended 30 June 2008, it was expected that the fertilizer industry in China had grown rapidly in the past few years. This has highly raised the supply of chemical fertilizers in the country. The quality of products had widely recognized by consumers under the guaranteed supply. The price of imported chemical fertilizers was generally higher than that of domestic chemical fertilizers. Consumers have gradually tend to purchase domestic chemical fertilizers which are of similar quality to imported chemical fertilizers, particularly at times in which the price of chemical fertilizers has remained high. This provided a golden chance for domestic chemical fertilizers with stable quality and famous brand. The Group will continue to enhance the prestige of its own brandname, while making use of its edges in sales and technologies so as to capture the opportunities for steady and rapid development.

In response to the business opportunities arose from the fertilizer products market in the PRC, the Directors expect that additional funding will be required to increase its production scale in its fertilizer products.

Based on the maximum number of New H Shares of 340 million and the Placing Price of approximately HK\$0.115 per New Placing H Share, the gross proceeds from the placing of the New H Shares are estimated to be approximately HK\$39.1 million. The net proceeds from the placing of the New H Shares after deducting related expenses are estimated to be approximately HK\$37 million and the net price of each New H Share is approximately HK\$0.111 (based on the net proceeds from the placing of the New H Shares of approximately HK\$37 million and the maximum number of New H Shares of 340 million to be issued under the Placing). Based on the maximum number of New H Shares of 340 million to be issued under the Placing and the net price of each New H Share of HK\$0.111, the market price for the New H Shares is approximately HK\$37 million.

As stated in the announcement of the Company dated 1 November 2007 and the circular of the Company dated 8 November 2007, it is intended that the net proceeds from the placing of the New H Shares will be applied as follows:

- as to approximately 46% for the increase in the production of compound fertilizer of Fulilong, a subsidiary of the Company. The Group plans to construct new production lines, through Fulilong, in Dongguan of Guangdong Province, the PRC. The new production lines will adopt the advanced technology of “Melt Granulation Method with High Tower” and is expected to produce 300,000 tonnes of compound fertilizers per annum;
- as to approximately 36% for investment in Shandong TEDA Bio-Engineering Co., Ltd., a subsidiary of the Company, to capture the huge demand of compound fertilizers in Shandong province. Demand for compound fertilizers in Shandong province is one of the largest in the China. The Group plans to develop Northern China and Northeastern China market based on the future expanded production base in Shandong province; and
- as to approximately 18% to be used as the general working capital of the Group.

The Directors consider that the Placing represents a good opportunity for the Company to raise further funding for expanding its operation and also broaden its shareholder and capital bases. The Directors, including the independent non-executive Directors, believe that the terms of the Definitive Placing Agreement are fair and reasonable and that the Placing is in the interests of the Company and the Shareholders as a whole.

SUSPENSION AND RESUMPTION OF TRADING

Trading in the H Shares was suspended from 9:30 a.m. on 18 November 2008 at the request of the Company pending the issue of this announcement and application has been made to the Stock Exchange for the resumption of trading of the H Shares from 9:30 a.m. on 19 November 2008.

DEFINITIONS

The following terms used in this announcement shall have the following meanings:

“associate”	has the meaning as defined in the GEM Listing Rules
“Board”	the board of Directors
“China Merchants”	China Merchants Securities (HK) Co., Limited, a corporation licensed to conduct types 1, 2, 4, 6 and 9 regulated activities under the SFO and the financial adviser to the Company and the Placing Agent in relation to the Placing
“Company”	Tianjin TEDA Biomedical Engineering Company Limited, a joint stock company incorporated in the PRC and whose H Shares are listed on GEM
“Definitive Placing Agreement”	the placing agreement dated 17 November 2008 entered into between the Company and the Placing Agent in relation to the Placing
“Directors”	the directors of the Company
“Domestic Shares”	the domestic invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are subscribed for in RMB
“Fulilong”	廣東福利龍複合肥有限公司 (Guangdong Fulilong Compound Fertilizers Company Limited [#]), a company established in the PRC with limited liability and wholly-owned by the Company as at the date of this announcement
“Further Class Meetings”	separate meetings of the holders of H Shares and Domestic Shares held on 24 December 2007 for the purpose of approving the New Specific Mandate and the proposed appointment and re-election of Directors and Supervisors
“Further EGM”	the extraordinary general meeting of the Company convened on 24 December 2007 for the purpose of approving, among others, the New Specific Mandate and the proposed appointment and re-election of Directors and Supervisors
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee of the board of the Stock Exchange with responsible for GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM

for identification purposes only

“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are listed on GEM and subscribed for and traded in HK\$
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“New H Shares”	not more than 340 million of new H Shares to be issued under the Placing at the Placing Price
“New Placing H Shares”	the New H Shares and the Sale H Shares
“New Relevant Period”	the period from the date of the Further EGM and the Further Class Meetings up to (i) the expiration of the 12-month period following the passing of relevant resolutions at the Further EGM and the Further Class Meetings; or (ii) the revocation or variation of the authority given under the relevant resolutions at the Further EGM and the Further Class Meetings by a special resolution of the Shareholders in a general meeting, whichever is the earliest
“New Specific Mandate”	the specific mandate granted to the Directors by the Shareholders at the Further EGM and the Further Class Meetings to issue the New Placing H Shares for the New Relevant Period
“Placing”	the placing of the New Placing H Shares by the Placing Agent on a best effort basis under the Definitive Placing Agreement
“Placing Agent”	China Merchants
“Placing Price”	HK\$0.115 per New Placing H Share
“PRC”	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Sale H Shares”	such number of new H Shares to be converted by the same number of the Domestic Shares held by TTII pursuant to the requirements under the State-owned Shares Reduction Regulations for purchase at the Placing Price under the Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, modified and supplemented from time to time
“Shareholders”	holders of the Domestic Shares and the H Shares

“State-owned Shares Reduction Regulations”	減持國有股籌集社會保障資金管理暫行辦法 (the Provisional Administrative Measures for the Reduction of State-owned Shares and the Raising of the Social Security Fund) promulgated by 中國國務院 (the State Council of the PRC) on 12 June 2001
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SYT”	Tianjin TEDA Shuang You Technology Development Company Limited, the promoter of the Company
“TTII”	天津泰達國際創業中心 (Tianjin TEDA International Incubator), a stated-owned enterprise and one of the promoters of the Company
“Wenguang Media”	廣州市文廣傳媒有限公司 (Guangzhou Wenguang Media Company Limited), a company established in the PRC with limited liability
“Wuhuan Building”	北京中興五環建築材料有限公司 (Beijing Zhongxing Wuhuan Building Materials Company Limited), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

Unless the context requires otherwise, the conversion of RMB and into HK\$ is based on the exchange rate of HK\$1.00 = RMB0.88. Such conversion should not be construed as a representation that the amount in question has been, could be been or could be converted at any particular rate at all.

By order of the Board
Wang Shuxin
Chairman

Tianjin, the PRC
18 November 2008

As at the date of this announcement, the Board comprises of three executive Directors, being Mr. Wang Shuxin, Mr. Xie Kehua and Mr. Zhang Songhong; three non-executive Directors, being Mr. Feng Enqing, Mr. Xie Guangbei and Mr. Wang Xiaofa and three independent non-executive Directors, being Professor Xian Guoming, Mr. Wu Chen and Mr. Guan Tong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. 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.

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