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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 H SHARES**

**Placing Agent in relation to the Placing**



**China Merchants Securities (HK) Co., Limited**

**SUMMARY**

On 20 April 2015 (after trading hours), the Board entered into 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 Total Placing H Shares.

The Total Placing H Shares of not more than approximately 13.56% and 27.30% respectively of the existing total issued share capital and the existing issued H Shares of the Company immediately upon completion of the Placing comprise: (i) not more than 175,000,000 New H shares to be allotted and issued by the Company in connection with the Placing; and (ii) not more than 17,500,000 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 175,000,000 and the Placing Price of approximately HK\$0.70 per each of the Total Placing H Share, the gross proceeds from the placing of the New H shares are estimated to be approximately HK\$122.50 million. Based on the maximum number of the Sale H Shares of 17,500,000 and the same Placing Price, the gross proceeds from the placing of the Sale H shares are estimated to be approximately HK\$12.25 million.

The Total 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.**

## **INTRODUCTION**

References are made to (i) the announcement of the Company dated 13 January 2015 and the circular of the Company dated 25 February 2015 in relation to, among others, the proposed placing of the Total Placing H Shares and proposed granting of the New Specific Mandate; (ii) the announcement of the Company dated 16 April 2015 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 Total Placing H Shares and granting of the New Specific Mandate.

## **PLACING AGREEMENT**

**Date:** 20 April 2015

**Parties:** (i) the Company, as the issuer; and  
(ii) China Merchants Securities (HK) Co., Limited, 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 Total Placing H Shares, subject to the conditions mentioned in the paragraph headed “Conditions of the Placing Agreement” below.

### **Number of the Total Placing H Shares to be placed**

An aggregate of not more than 192,500,000 Total Placing H Shares immediately upon completion of the Placing, will be placed by the Placing Agent on a best effort basis. The Total Placing H Shares comprise: (i) not more than 175,000,000 new H Shares to be allotted and issued by the Company in connection with the Placing; and (ii) not more than 17,500,000 Sale H Shares to be converted from the same number of existing Domestic Shares held by TTII in the event that the Social Security Fund decides not to hold such Domestic Shares itself.

The Total Placing H Shares represent approximately 12.07% of the total issued share capital of the Company as enlarged by the Placing and 21.45% of the issued H Shares of the Company as enlarged by the Placing on the assumption that all the Total Placing H Shares are issued under the Placing.

The New H Shares represent approximately 12.32% of the existing issued share capital of the Company and 10.97% of the issued share capital of the Company immediately upon completion of the Placing. The Sale H Shares represent approximately 1.23% of the existing issued share capital of the Company and 1.10% 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 Total 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 persons (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or their respective close 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\$0.70 per each of the Total Placing H Shares, representing:

- (i) at a discount of 38.05% of HK\$1.13, the closing price of the H Shares on the date of the Placing Agreement, i.e. the date on which the Placing Price is agreed;
- (ii) at a discount of 14.63% of the average closing price of HK\$0.82 of the H Shares during the 5 consecutive trading days immediately prior to the date on which the Placing Price is agreed;
- (iii) not less than the par value of the H Shares; and
- (iv) not less than the net asset value per Share disclosed in the latest management accounts certified by a Director and provided to the Placing Agent by the Company on the date on which the Placing Price is agreed.

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 trading prices of the H Shares on the Stock Exchange for the 5 consecutive trading days up to and immediately prior to the date on which the Placing Price is agreed, and the Placing Price should not in any way be less than each of the par value per H Share and the net asset value per H Share.

### **Conditions of the Placing Agreement**

The Placing is conditional upon:

- (i) the existing all approvals being granted by relevant government bureaus being in full force and effect up to and including Completion;
- (ii) the GEM Listing Committee granting listing of and permission to deal in all the Total Placing H Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificates representing the New Placing H Shares);
- (iii) the Placing Agreement not having been terminated by the Placing Agent;
- (iv) the delivery to the Placing Agent of legal opinion(s) issued by Jingtian & Gongcheng, legal advisors to the Company as to PRC law, in form and substance satisfactory to the Placing Agent; and
- (v) the delivery to the Placing Agent of the latest management accounts of the Group certified by a director of the Company; and
- (vi) the Company's representations, warranties and undertakings made under the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the date of completion.

In the event of the above conditions not having been fulfilled by 8 May 2015 (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 Placing Agreement in relation to the Placing shall cease and determine and none of the parties to the 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 on the 6th business day from the date of the Placing Agreement (inclusive of both days) (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 Placing Agreement” above but which shall not in any event be later than 8 May 2015.

## **NEW SPECIFIC MANDATE TO ISSUE THE TOTAL PLACING H SHARES**

The Total 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) of the transfer by TTII of part of its Domestic Shares to the Social Security Fund to comply with State-owned Shares Reduction Regulations on 9 January 2013, the authorization and approval from the 全國社會保障基金理事會 (The National Social Security Fund Council of the PRC) which issued a written consent on 16 September 2013 confirming that the Company is authorized to convert those Shares into H Shares and sell them under the Placing and pay the proceeds to the Social Security Fund, and the approval from 中國證券監督管理委員會 (China Securities Regulatory Commission) which granted the approval of the Placing including the issue of the New H Shares and of the Sale H Shares on 9 May 2014.

## **RANKING OF TOTAL PLACING H SHARES**

The Total 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 Total 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 Total Placing H Shares.

## EFFECTS ON SHAREHOLDING STRUCTURE

The changes of the shareholding structure of the Company as a result of the Placing, assuming that all of the 192,500,000 Total Placing H Shares are subscribed or purchased in full, and the shareholding of Domestic Shares other than of TTII remains unchanged are as follows:

Holders of Domestic Shares or H Shares	As at the date of this announcement		Upon completion of the Placing	
	Number of Shares	%	Number of Shares	%
<i>Domestic Shares</i>				
TTII	200,000,000	14.08	182,500,000	11.44
Gu Hanqing	14,000,000	0.99	14,000,000	0.88
Wenguang Media	12,000,000	0.85	12,000,000	0.75
Wuhuan Building	10,000,000	0.70	10,000,000	0.63
Xie Kehua	9,000,000	0.63	9,000,000	0.56
Xiangyong Investment	180,000,000	12.68	180,000,000	11.29
Zhinong Fertilizers	170,000,000	11.97	170,000,000	10.66
Lvye Fertilizers	120,000,000	8.45	120,000,000	7.52
Subtotal	<u>715,000,000</u>	<u>50.35</u>	<u>697,500,000</u>	<u>43.73</u>
<i>H Shares</i>				
Public Shareholders	705,000,000	49.65	705,000,000	44.20
Places	–	–	192,500,000	12.07
Total:	<u>1,420,000,000</u>	<u>100.00</u>	<u>1,595,000,000</u>	<u>100.00</u>

## REASONS FOR THE PLACING

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

Stable and growing production of agricultural products is a prerequisite to ensure the safety supply of food in the PRC. 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.

Although the current compound fertilizers industry in the PRC possesses a large room for development, the competition is keen. With its own edges and bottoming on the characteristics of the changing market, the Group 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, and keep expanding and consolidating the channels in the markets in order to promote its core competitiveness in the future.

With the progress of the PRC government'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. In PRC, 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.

While the Group's health care products are providing healthy and various choices of food to different age profile and different consumer groups, Tianjin Alpha Health Care Products Co., Ltd., a wholly-owned subsidiary of the Group, 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.

With the rapid growth of the Group, expansion of new distribution channels, development of new products, enhancement of its brands and improvement in the logistic and communication networks, the Group will have a need for raising funds to meet its intense capital requirements.

The Directors consider that notwithstanding that the Placing will result in the dilution of the existing shareholding interest of the Shareholders, the Placing represents an opportunity to raise capital for the Company to enhance the general working capital base, to develop the business of the Group and to strengthen the financial position of the Group.

The Directors, including the independent non-executive Directors, consider that the main terms of the Placing of Total Placing as disclosed above are fair and reasonable and that the placing of the Total Placing H Shares is in the interest of the Company and the Shareholders as a whole.



## Use of proceeds

On the assumption that all the 192,500,000 Total Placing H Shares are issued under the Placing with an indicative placing price of approximately HK\$0.70 per each of the Total Placing H Shares (being the average closing price of the H Share as quoted on GEM for the 5 consecutive trading days ended on the date prior to date of the Placing Agreement with a discount of 14.63%), the expected gross proceeds of the Placing of the New H Shares and the Sale H Shares will be approximately HK\$122.50 million and HK\$12.25 million respectively. On the assumption, which is made based on the experience of the Company, that placing commission and all related costs, fees and expenses will represent around 2.5% of the gross proceeds, the expected net proceeds of the Placing of New H Shares and the Sale H Shares will be approximately HK\$119.44 million and HK\$11.94 million respectively. The net proceeds for the Sale H Shares will be remitted to the Social Security Fund. However, the actual net proceeds of the Placing could only be determined upon signing of the Placing Agreement by the Company and the Placing Agent.

It is intended the net proceeds from the Placing will be applied as follows:

- (i) as to approximately 60% for the consolidation of the distribution channels and expansion of marketing network of the Group's compound fertilizer and sugar-reducing and sugar-free health products;
- (ii) as to approximately 15% for strengthening the brand development of the Group's compound fertilizer and health foods;
- (iii) as to approximately 10% for the research and development of new products; and
- (iv) as to approximately 15% for the general working capital of the Group which includes but not limited to staff remuneration and office rental.

Currently, the Company has no planned acquisition of assets and investments. As mentioned in the paragraph headed "Reasons for the Placing", the Company will strive to develop its principal business of commercialization of fertilizer products and health care products, strength market competitiveness of its products and enhance its own brands. Thus, the funds raised will be largely utilized in consolidation of distribution of channels and expansion of marketing network of the Group's products and strengthening their brand development.

Subject to the final amount of the funds raised, the Company expects the proceeds will be utilized as intended within 1 year from the date of completion of the Placing.

**Investors should note that the final amount of funds raised under the Placing may vary from the above estimate as the actual number of Shares placed and the Placing Agreement may or may not be completed.**



## **Fund raising activities in the past twelve months**

The Company has not conducted any fund raising activities in the past twelve months before the date of this Announcement.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

TTII is a state-owned entity and a substantial Shareholder holding 14.08% of the existing issued share capital of the Company. TTII is involved in the Placing only to the extent of transferring some of the Domestic Shares it currently owns to the Social Security Fund to comply with State-owned Shares Reduction Regulations. If the Placing is to occur and the Sale H Shares are sold, the proceeds will be remitted to the Social Security Fund. Therefore, TTII's role is a transient one and it will not take part in the Placing for pecuniary gain. Based on the foregoing, the connected transactions requirements of the GEM Listing Rules do not apply.

## **Definitions**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Associate”	has the meaning as defined in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday, Sunday and public holiday) on which banks generally are open for business in Hong Kong
“China Securities Regulatory Commission”	The regulatory body responsible for the supervision and regulation of the PRC national securities market.
“Class Meetings”	the respective class meetings of the holders of H Shares and holders of Domestic Shares convened and held on 16 April 2015 for the purposes of approving the grant of the specific mandate in relation to Total Placing H Share(s), including any adjournment in respect thereof
“Company”	Tianjin TEDA Biomedical Engineering Company Limited, a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed and traded on GEM (Stock Code: 8189)
“Director(s)”	the director(s) 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
“EGM”	the extraordinary general meeting of the Company convened and held on 16 April 2015 to consider and to approve, among other things, the granting of the Specific Mandate
“GEM”	The Growth Enterprise Market of the Stock Exchange
“GEM Listing Committee”	the listing committee of GEM
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, modified or supplemented from time to time
“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”	Hong Kong Special Administrative Region of the PRC
“New H Shares”	not more than 175,000,000 new H Shares to be issued under the Placing at the Placing Price
“New Specific Mandate”	the specific mandate granted to the Directors by the Shareholders at the EGM and the Class Meetings on 16 April 2015 to issue the Total Placing H Shares and to convert Domestic Shares into Sale H Shares for the Placing
“The National Social Security Fund Council of the PRC) Council”	an organisation authorised by the State Council of the PRC and is responsible for the administration of the national security fund of the government of the PRC
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Total Placing H Shares
“Placing”	the possible placing of the Total Placing H Shares pursuant to the New Specific Mandate

“Placing Agent”	China Merchants Securities (HK) Co., Limited (招商證券(香港)有限公司), a corporation licensed to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO or upon the termination of the engagement with China Merchants Securities (HK) Co., Limited any placing agent to be engaged by the Company which is an Independent Third Party
“Placing Agreement”	the agreement dated 20 April 2015 entered into between the Company and the Placing Agent in relation to the placing of the Total Placing H Shares
“Placing Price”	the placing price per each Total Placing H Share as referred to in the paragraph headed “Placing Price” of this announcement
“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”	not more than 17,500,000 new H Shares to be converted from equal number of the Domestic Shares held by TTII equivalent to 10% of the New H Shares pursuant to the requirements under the State-owned Shares Reduction Regulations for purchase at the Placing Price under the Placing in the event that the Social Security Fund decides not to hold such Domestic Shares itself
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, modified or supplemented from time to time
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of Share(s)
“Social Security Fund”	National Council for Social Security Fund, the PRC (全國社會保障基金理事會)
“State-owned Shares Reduction Regulations”	the Provisional Administrative Measures for the Reduction of State-owned Shares and the Raising of the Social Security Fund (減持國有股籌集社會保障資金管理暫行辦法) promulgated by the State Council of the PRC (中國國務院) on 12 June 2001
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Total Placing H Share(s)”	the aggregate number of the New H Shares and the Sale H Shares which shall not exceed 192,500,000 Shares
“TTII”	Tianjin TEDA International Incubator, a state-owned enterprise incorporated in the PRC with limited liability and one of the promoters of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board  
**Wang Shuxin**  
*Chairman*

Tianjin, the PRC

21 April 2015

*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.*

*This announcement, for which the directors of the Company 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 the Company. The directors, 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 any statement herein or this announcement misleading.*

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