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If you are in any doubt as to any aspect about this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tianjin TEDA Biomedical Engineering Company Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**(1) CONNECTED TRANSACTIONS IN RELATION TO
THE ENTERING INTO OF THE AGREEMENTS**

**(2) VARIATION OF TERMS OF MAJOR TRANSACTION
IN RELATION TO ACQUISITION OF 51% SHAREHOLDING
INTEREST IN SHU JU KU GREATER CHINA, LTD.**

**(3) DISCLOSEABLE TRANSACTION IN RELATION
TO THE TRANSFER OF 39% SHAREHOLDING INTEREST
IN SJKGC FROM SJK TO HONG KONG TEDA**

**(4) MAJOR TRANSACTION IN RELATION TO THE ENTERING
INTO OF THE SUPPLEMENTAL LEASE AGREEMENT**

(5) NOTICE OF EGM

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 6 to 28 of the circular.

Notice convening the EGM of the Shareholders to be held at 9th Floor, Block A2, Tianda High-Tech Park, No.80, The 4th Avenue, TEDA, Tianjin, the PRC at 10:00 a.m. on Thursday, 9 September 2021 are set out on pages 38 to 40 of this circular with their respective reply slips and forms of proxy also enclosed hereto. Whether or not you are able to attend the EGM, you are reminded to complete the forms of proxy enclosed with this circular, in accordance with the instructions printed thereon and send the relevant forms of proxy to the registered office of the Company at No.12 Tai Hua Road, The 5th Avenue, TEDA, Tianjin, the PRC (for holders of Domestic Shares) or to the office of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as practicable and in any event no later than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the relevant forms of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. Shareholders who intend to attend the EGM in person or by proxy should complete and return the reply slips in accordance with the instructions printed thereon on or before Friday, 20 August 2021.

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“Acquisition”	the acquisition of 51% shareholding interest in SJKGC by the Company from SJK pursuant to the terms and conditions of the Share Purchase Agreement
“Agreements”	the Amended and Restated Settlement Agreement, the Supplemental Share Purchase Agreement and the Amended and Restated Shareholders’ Agreement
“Amended and Restated Settlement Agreement”	the amended and restated settlement agreement dated 26 March 2021 entered into among the Company, Hong Kong TEDA, SJK and SJKGC
“Amended and Restated Shareholders’ Agreement”	the amended and restated shareholders’ agreement dated 26 March 2021 entered into among the Company, Hong Kong TEDA, SJK and SJKGC
“Audit Report”	the account of SJKGC which shall be audited and consolidated into the audited financial report of the Company after each financial year-end of the Extended Guaranteed Period
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday) on which banks are generally open for business in Hong Kong
“Buy-backs Code”	The Hong Kong Code on Share Buy-backs
“Consideration”	the consideration of US\$27,000,000 payable by the Company to SJK in relation to the Acquisition
“Consideration Shares”	the 100,000,000 new H Shares issued by the Company to SJK for settlement of part of the Consideration
“Committed Net Profit Amount”	the amount of not less than US\$5,390,000 in each of the financial years during the Extended Guaranteed Period
“Company”	Tianjin TEDA Biomedical Engineering Company Limited (天津泰達生物醫學工程股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on GEM of the Stock Exchange

DEFINITIONS

“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“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
“Director(s)”	the director(s) of the Company
“Discounted Minimum Guaranteed Cash Dividends Amount”	a total of not less than US\$5,775,000 payable to the Company and/or Hong Kong TEDA (and/or their nominee) during the New Guaranteed Period by SJK and/or SJKGC
“EGM”	the extraordinary general meeting of the Company to be held and convened to consider and, if thought fit, to approve, among other things, the Agreements and the transactions contemplated thereunder
“EEG”	electroencephalogram, which measures the sum of the electric potential impulses of a large number of nerve cells during brain activities. It records the electric waves from the surface of the scalp during brain activities and displays the overall electrophysiological activities of the cerebral cortex;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of its delegates
“Extended Guaranteed Period”	the three financial years of 2020, 2021 and 2022
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guangdong Fulilong”	Guangdong Fulilong Compound Fertilizers Factory Co., Ltd.* (廣東福利龍複合肥有限公司), a company established in the PRC with limited liability and a directly wholly-owned subsidiary of the Company
“Guangdong Lvzhou”	Guangdong Lvzhou Ecology Engineering Co., Ltd.* (廣東綠洲生態工程有限公司), a company established in the PRC with limited liability

DEFINITIONS

“Guaranteed Cash Dividends Amount”	cash dividends of an amount not less than US\$2,750,000 in each of the financial years during the Extended Guaranteed Period payable and paid to the Company and/or Hong Kong TEDA (and/or their nominee) guaranteed by SJK
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“H Shares”	overseas listed foreign share(s) of nominal value of RMB0.10 each in the share capital of the Company being listed on GEM and can be traded in HK\$
“HK\$” or “HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong TEDA”	HONGKONG TEDA Biomedical Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Injection Obligation”	the amount equals to the Committed Net Profit Amount minus SJKGC’s actual audited after tax profit of that financial year payable by SJK
“IP Rights”	patents and all intellectual property rights including but not limited to database, related technology, skills, information and training materials for EEG analysis and associated diagnostics;
“Latest Practicable Date”	22 July 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Lease Agreement”	the lease agreement dated 5 February 2018 and entered into between Guangdong Fulilong and Guangdong Lvzhou for the rental of three production lines and the related ancillary machineries and equipment in the manufacturing plant located at Hongwuwo Village, Hongmei Town, Dongguan City, Guangdong Province, the PRC* (廣東省東莞市洪梅鎮洪屋渦村)
“Licensed Area”	the PRC, Hong Kong, Macau, Japan and Korea

DEFINITIONS

“Macau”	Macau Special Administrative Region of the PRC
“Minimum Guaranteed Cash Dividends Amount”	a total of not less than US\$8,250,000 payable to the Company and/or Hong Kong TEDA (and/or their nominee) during the New Guaranteed Period by SJK and/or SJKGC
“New Guaranteed Period”	the six financial years of 2017, 2018, 2019, 2020, 2021 and 2022
“percentage ratio(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Possible Share Buy-back”	the transfer of not more than 23,322,000 Consideration Shares from SJK to the Company pursuant to the Amended and Restated Settlement Agreement
“Priority Guarantee”	the priority and right to cash dividends of SJKGC to be given and/or procured and/or consented to the Company and/or Hong Kong TEDA by SJK
“PRC”	the People’s Republic of China, which for the sole purpose of this circular, shall exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Profit Guarantee”	warranties given by SJK to the Company (and/or its nominee) that SJKGC in each of the three financial years of 2017, 2018 and 2019 will have an audited after tax profit of not less than US\$5,390,000 pursuant to the Share Purchase Agreement and the Shareholders’ Agreement
“Settlement Agreement”	the settlement agreement dated 31 December 2020 entered into among the Company, Hong Kong TEDA, SJK and SJKGC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) as amended, modified and supplemented from time to time
“Share Purchase Agreement”	the share purchase agreement dated 16 April 2016 entered into among the Company, SJK and SJKGC in relation to the Acquisition

DEFINITIONS

“Share(s)”	ordinary share(s) of RMB0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s), holder(s) of H Shares and holder(s) of Domestic Shares
“Shareholders’ Agreement”	the shareholders’ agreement in respect of SJKGC dated 16 April 2016 entered into among the Company, SJK and SJKGC, which is subsequently superseded by a new shareholders’ agreement in respect of SJKGC dated 17 March 2017 entered into among Hong Kong TEDA, SJK and SJKGC
“SJK”	Shu Ju Ku Inc., a company incorporated in the Seychelles (registration number: 173301)
“SJKGC”	Shu Ju Ku Greater China, Ltd., an exempted company limited by shares incorporated in the Cayman Islands (registration number: 308468)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	supervisor(s) of the Company
“Supplemental Lease Agreement”	the supplemental lease agreement dated 1 May 2020 and entered into between Guangdong Fulilong and Guangdong Lvzhou for extension of the lease term under the Lease Agreement (as amended and supplemented by two supplemental agreements dated 8 October 2018 and 8 October 2019)
“Supplemental Share Purchase Agreement”	a supplemental agreement in respect of the Share Purchase Agreement (as amended and supplemented by two supplemental agreements dated 25 April 2016 and 12 September 2019) dated 26 March 2021 entered into among the Company, SJK and SJKGC
“Transfer”	the transfer of 39% shareholding interest in SJKGC from SJK to Hong Kong TEDA
“US\$” or “USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent

* for identification purposes only

LETTER FROM THE BOARD



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)

Executive Directors:

Ms. Sun Li
Mr. Hao Zihui
Mr. He Xin

Registered office:

No. 12 Tai Hua Road
The 5th Avenue
TEDA Tianjin, PRC

Non-executive Directors:

Mr. Cao Aixin
Dr. Li Ximing

Hong Kong Representative Office:

4/F., The Chinese Club Building
21-22 Connaught Road Central
Central
Hong Kong

Independent Non-Executive Directors:

Mr. Li Xudong
Mr. Wang Yongkang
Ms. Gao Chun

26 July 2021

To the Shareholders

Dear Sir or Madam,

**(1) CONNECTED TRANSACTIONS IN RELATION TO
THE ENTERING INTO OF THE AGREEMENTS**

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(5) NOTICE OF EGM

INTRODUCTION

Reference is made to the announcements of the Company dated 24 April 2016, 28 April 2016, 17 March 2017, 4 September 2019 and 17 July 2020 and the circular of the Company dated 25 July 2016 in relation to, among other things, the Acquisition.

LETTER FROM THE BOARD

Reference is also made to the announcements of the Company dated 7 January 2021 and 26 March 2021, 21 April 2021, 18 June 2021 and 30 June 2021 in relation to, among other things, (i) an update of the arbitration proceedings between the Company and SJK; and (ii) the entering into of the Agreements to revise the terms of the Profit Guarantee and extend the duration for fulfilment of the Profit Guarantee, respectively.

Reference is further made to the announcement of the Company dated 21 May 2021, 18 June 2021 and 30 June 2021 in relation to, among other things, the entering into of the Supplemental Lease Agreement.

The purpose of this circular is to provide you with details of the Agreements and Supplemental Lease Agreement, financial information of the Group and other information as required under the GEM Listing Rules.

(1) VARIATION OF TERMS OF PROFIT GUARANTEE IN RELATION TO THE ACQUISITION

Background

On 16 April 2016, the Company entered into the Share Purchase Agreement with SJK and SJKGC for acquisition of 51% shareholding interest in SJKGC from SJK at the Consideration of US\$27,000,000. The Company settled the Consideration by (i) paying US\$6,500,000 in cash; and (ii) issuing 100,000,000 H Shares at an issue price of HK\$1.60 each to SJK.

On the same day, the Company, SJK and SJKGC entered into the Shareholders' Agreement to detail their respective rights and obligations in SJKGC and govern the relationship among them.

Each of the Share Purchase Agreement and the Shareholders' Agreement contains a profit guarantee clause, pursuant to which SJK warrants to the Company (and/or its nominee) that SJKGC in each of the three financial years of 2017, 2018 and 2019 will have an audited after tax profit of not less than US\$5,390,000. If the Profit Guarantee is not met, SJK irrevocably agrees and guarantees to the Company that SJK shall pay SJKGC money in the amount equals to US\$5,390,000 minus SJKGC's actual audited after tax profit of that year, and meanwhile the Company (and/or its nominee) will have priority to cash dividends of SJKGC, to ensure and guarantee the Company (and/or its nominee) can get cash dividends of not less than US\$2,750,000 of that year.

On 17 March 2017, all conditions precedent under the Share Purchase Agreement have been fulfilled and completion of the Acquisition took place.

LETTER FROM THE BOARD

On the same day, the Company nominated Hong Kong TEDA as its nominee to hold 51% shareholding interest in SJKGC on its behalf, then a new shareholders' agreement in respect of SJKGC was entered into among Hong Kong TEDA, SJK and SJKGC with the terms and conditions thereunder being substantially the same as those set out in the Shareholders' Agreement.

SJKGC failed to meet the Profit Guarantee for the financial year of 2017 as its audited net profit after tax for the corresponding year was approximately US\$2,922,000. In order to comply with the terms of the Share Purchase Agreement and the Shareholders' Agreements, the Company and SJK entered into a memorandum on 16 January 2018, pursuant to which SJK confirmed that the Company will have the right of priority and entitlement of cash dividend in the amount of US\$2,750,000 for the financial year of 2017. The Directors confirmed that the cash dividend of US\$2,750,000 has been paid to the Company by SJKGC.

SJKGC also failed to meet the Profit Guarantee for each of the financial years of 2018 and 2019. Its audited net profit after tax and the entire cash dividends distributable of SJKGC for the financial years of 2018 and 2019 were US\$305,000 and US\$411,000, respectively. Accordingly, the Company and Hong Kong TEDA requested SJK to perform its profit guarantee obligations for the corresponding financial years by paying in the amount, which shall be calculated according to the agreed mechanism under the Share Purchase Agreement and the Shareholders' Agreements, to SJKGC. SJK disagrees and argued that the Company requested SJKGC to change its operation strategies rendering SJKGC failing to meet the guaranteed profit amount. The Company and SJK proceeded to arbitration on 3 September 2019 to resolve the disputes.

On 31 December 2020, the Company, Hong Kong TEDA, SJK and SJKGC entered into the Settlement Agreement to agree on the terms and conditions in relation to the extension of time for performance of the Profit Guarantee and to stay the arbitration proceedings.

On 26 March 2021, the Company, Hong Kong TEDA, SJK and SJKGC entered into:–

- (i) the Amended and Restated Settlement Agreement which shall amend, replace and supersede the Settlement Agreement in its entirety; and
- (ii) the Amended and Restated Shareholders' Agreement which shall amend, replace and supersede the Shareholders' Agreements in their entirety to reflect the agreed terms and conditions in relation to the extension of time for performance of the Profit Guarantee.

On the same day, the Company, SJK and SJKGC entered into the Supplemental Share Purchase Agreement to reflect the agreed terms and conditions in relation to the extension of time for performance of the Profit Guarantee.

LETTER FROM THE BOARD

The Amended and Restated Settlement Agreement

Major terms of the Amended and Restated Settlement Agreement are set out as follows:–

Profit Guarantee

Extension of time and determination of fulfilment of the Profit Guarantee

The Company, Hong Kong TEDA, SJK and SJKGC irrevocably agree to extend the duration for fulfilment of the Profit Guarantee from three financial years of 2017, 2018 and 2019 to six financial years of 2017, 2018, 2019, 2020, 2021 and 2022.

The guaranteed profit will be calculated on a year-on-year basis and/or on a cumulative basis over the New Guaranteed Period. SJK and the Company have agreed that the account of SJKGC shall be audited and consolidated into the audited financial report of the Company after each financial year-end of the Extended Guaranteed Period. The Audit Report shall form the basis for determination of fulfilment of the Profit Guarantee in that financial year.

The mechanisms for fulfilment of the Profit Guarantee

The terms of the Profit Guarantee shall be revised as follows with the adoption of three alternative mechanisms for fulfilment of the Profit Guarantee.

Mechanism 1 shall first be adopted for fulfilment of the Profit Guarantee. If, at the end of the financial year of 2022, the Audit Report reveals that the aggregate amount of cash dividends of SJKGC paid or payable to the Company and/or Hong Kong TEDA (and/or their nominee) during the New Guaranteed Period is less than US\$8,250,000, Mechanism 2 shall then be automatically adopted.

Should the Audit Report reveals that (i) the aggregate amount of cash dividends of SJKGC paid or payable to the Company and/or Hong Kong TEDA (and/or their nominee) during the New Guaranteed Period is less than US\$5,775,000; or (ii) the amount of cash dividends of SJKGC paid or payable to the Company and/or Hong Kong TEDA (and/or their nominee) for the year ended 31 December 2022 is less than US\$1,925,000 (i.e. Mechanism 2 is unable to be fulfilled), Mechanism 3 shall then be automatically adopted.

A. Mechanism 1 – Time extension for fulfilment of Profit Guarantee

SJK irrevocably warrants and guarantees to the Company and/or Hong Kong TEDA (and/or their nominee) that the audited after tax profit of SJKGC in each of the financial years during the Extended Guaranteed Period shall be not less than US\$5,390,000.

LETTER FROM THE BOARD

In the event that the audited after tax profit of SJKGC for any year during the Extended Guaranteed Period falls short of the Committed Net Profit Amount, SJK further irrevocably warrants and guarantees that it shall and/or shall procure SJKGC to carry out the following terms for each of the financial years during the Extended Guaranteed Period:–

- (i) SJK shall pay SJKGC an amount equals to the Committed Net Profit Amount minus SJKGC's actual audited after tax profit of that financial year;
- (ii) SJK shall consent to and/or give and/or procure SJKGC to consent to and/or give the Company and/or Hong Kong TEDA (and/or their nominee) the priority and right to cash dividends of SJKGC; and
- (iii) after payment regarding item (i) above has been made by SJK to SJKGC so that the cash dividends distributable of SJKGC reaches US\$5,390,000, SJK shall and/or procure SJKGC to guarantee that the cash dividends payable and paid to the Company and/or Hong Kong TEDA (and/or their nominee) shall be not less than US\$2,750,000 (i.e. the amount in proportion to the 51% shareholding interest Hong Kong TEDA holds in SJKGC).

Settlement of the Minimum Guaranteed Cash Dividends Amount

If SJK and SJKGC cannot fulfil the Profit Guarantee obligation as stipulated in the paragraph above, SJK and SJKGC irrevocably agree and guarantee that a total of not less than US\$8,250,000 shall be paid to the Company and/or Hong Kong TEDA (and/or their nominee) during the New Guaranteed Period, and the Minimum Guaranteed Cash Dividends Amount shall be satisfied in the following manner:–

- (i) as the Guaranteed Cash Dividends Amount in the sum of US\$2,750,000 for the financial year ended 31 December 2017 has already been paid by SJKGC, the same will be deducted from the Minimum Guaranteed Cash Dividends Amount accordingly;
- (ii) as the Profit Guarantee in each of the two financial years ended 31 December 2018 and 2019 has not been fulfilled and the Guaranteed Cash Dividends Amount in the aggregate sum of US\$5,500,000 has not been paid, SJK shall pay or shall cause SJKGC to pay the Company and/or Hong Kong TEDA (and/or their nominee) the entire cash dividends distributable of SJKGC in the sum of US\$305,000 and US\$411,000 for the financial years ended 31 December 2018 and 2019, respectively, as partial settlement of the Minimum Guaranteed Cash Dividends Amount; and

LETTER FROM THE BOARD

(iii) SJK is obliged to pay the Company and/or Hong Kong TEDA (and/or their nominee) a sum of not less than US\$4,784,000 in aggregate during the Extended Guaranteed Period. If, at the end of each financial year during Extended Guaranteed Period, the Audit Report reveals that the amount or aggregate amount of cash dividends paid to the Company and/or Hong Kong TEDA (and/or their nominee) is:–

(a) less than US\$4,784,000, SJK shall pay or shall cause SJKGC to pay the entire amount of cash dividends distributable of SJKGC available to the Company and/or Hong Kong TEDA (and/or their nominee) at the end of each of the financial years during the Extended Guaranteed Period; or

(b) more than US\$4,784,000, SJK shall pay or shall cause SJKGC to pay:–

(1) a sum of cash dividends distributable of SJKGC up to US\$4,784,000; and

(2) the remaining cash dividends distributable of SJKGC (i.e. the Guaranteed Cash Dividends Amount in aggregate during the Extended Guaranteed Period less US\$ 4,784,000) in proportion to SJK's and Hong Kong TEDA's respective shareholdings in SJKGC,

to the Company and/or Hong Kong TEDA (and/or their nominee) at the end of each of the financial years during the Extended Guaranteed Period.

For the settlement of the Minimum Guaranteed Cash Dividends Amount, SJK and SJKGC irrevocably warrant and guarantee that:–

(i) all payments to be made for the financial years of 2020 onwards as set out in Mechanism 1 shall be made by SJK and/or SJKGC to the designated bank account provided by the Company within one (1) calendar month after the account of SJKGC has been audited and the Audit Report of the Company of that particular financial year has been published. Payments to be made for the financial years from 2017 to 2019 shall be paid forthwith to the designated bank account provided by the Company within one (1) calendar month from the date of execution of the Settlement Agreement;

(ii) SJK and SJKGC shall pay or shall cause to pay the entire cash dividends distributable of SJKGC to the Company and/or Hong Kong TEDA (and/or their nominee) in priority and until the full settlement of the Minimum Guaranteed Cash Dividends Amount;

LETTER FROM THE BOARD

- (iii) SJK and SJKGC shall be jointly and severally liable to all payments to be made to the Company and/or Hong Kong TEDA (and/or their nominee); and
- (iv) SJK and SJKGC shall take all necessary statutory procedures to give effect to all the terms set out in Mechanism 1.

B. Mechanism 2 – Discount on the amount of profit and/or cash dividends to be guaranteed

SJK and/or SJKGC irrevocably warrant and guarantee to the Company and/or Hong Kong TEDA (and/or their nominee) that for the New Guaranteed Period that:–

- (i) SJKGC's total audited after tax profit shall be not less than US\$8,085,000 in aggregate; or
- (ii) a total of not less than US\$5,775,000 shall be paid to the Company and/or Hong Kong TEDA (and/or their nominee).

In particular, SJK shall irrevocably warrants and guarantees to the Company and/or Hong Kong TEDA (and/or their nominee) that for the financial year ending 31 December 2022 solely:–

- (i) SJKGC's audited after tax profit shall not be less than US\$3,773,000; or
- (ii) an amount of not less than US\$1,925,000 shall be paid to the Company and/or Hong Kong TEDA (and/or their nominee).

In addition to the above, SJK also irrevocably agrees that 39% of SJK's shareholding in SJKGC shall be transferred to Hong Kong TEDA at nil consideration within six (6) months after the year ending 31 December 2022. Upon completion of the Transfer, the shareholding structure of SJKGC shall be as follows:–

Shareholder	Percentage of Shares before the Transfer	Percentage of Shares after the Transfer
SJK	49%	10%
Hong Kong TEDA	51%	90%

LETTER FROM THE BOARD

Settlement of the Discounted Minimum Guaranteed Cash Dividends Amount and any additional amount recorded in SJKGC

In order to allow the Company and/or Hong Kong TEDA (and/or their nominee) to benefit more when the amount of cash dividends distributable of SJKGC in aggregate during the New Guaranteed Period is higher than the Discounted Minimum Guaranteed Cash Dividends Amount, SJK and SJKGC irrevocably agree and guarantee that the payment of the Discounted Minimum Guaranteed Cash Dividends Amount and the additional amount recorded in SJKGC, if any, shall be satisfied in the following manner:–

- (i) as the Guaranteed Cash Dividends Amount in the sum of US\$2,750,000 for the financial year ended 31 December 2017 has already been paid by SJKGC, the same will be deducted from the Discounted Minimum Guaranteed Cash Dividends Amount accordingly;
- (ii) as the Profit Guarantee in each of the two financial years ended 31 December 2018 and 2019 has not been fulfilled and the Guaranteed Cash Dividends Amount in the aggregate sum of US\$5,500,000 has not been paid, SJK shall pay the Company and/or Hong Kong TEDA (and/or their nominee) the entire cash dividends distributable of SJKGC in the sum of US\$305,000 and US\$411,000 for the financial years ended 31 December 2018 and 2019, respectively, as partial settlement of the Discounted Minimum Guaranteed Cash Dividends Amount;
- (iii) if, at the end of each financial year during Extended Guaranteed Period, the Audit Report reveals that the amount or aggregate amount of cash dividends paid to the Company and/or Hong Kong TEDA (and/or their nominee) is:–
 - (a) less than US\$2,309,000, SJK shall pay or shall cause SJKGC to pay the entire amount of cash dividends distributable of SJKGC available to the Company and/or Hong Kong TEDA (and/or their nominee) at the end of each of the financial years during the Extended Guaranteed Period;
 - (b) equals to or more than US\$2,309,000 but is less than US\$4,784,000, SJK shall pay or shall cause SJKGC to pay the entire amount of cash dividends distributable of SJKGC available to the Company and/or Hong Kong TEDA (and/or their nominee) at the end of each of the financial years during the Extended Guaranteed Period; or
 - (c) more than US\$4,784,000, SJK shall pay or shall cause SJKGC to pay:–
 - (1) a sum of cash dividends distributable of SJKGC available up to US\$4,784,000; and

LETTER FROM THE BOARD

- (2) the remaining cash dividends distributable of SJKGC (i.e. the Guaranteed Cash Dividends Amount in aggregate during the Extended Guaranteed Period less US\$4,784,000) in proportion to SJK's and Hong Kong TEDA's respective shareholdings in SJKGC,

to the Company and/or Hong Kong TEDA (and/or their nominee) at the end of each of the financial years during the Extended Guaranteed Period.

For settlement of the Discounted Minimum Guaranteed Cash Dividends Amount and the additional amount recorded in SJKGC, if any, SJK irrevocably warrants and guarantees that:–

- (i) all payments to be made for the financial years of 2020 onwards as set out in Mechanism 2 shall be made by SJK and/or SJKGC to the designated bank account provided by the Company within one (1) calendar month after the account of SJKGC has been audited and the Audit Report of the Company of that particular financial year has been published. Payments to be made for the financial years 2017 to 2019 shall be paid forthwith to the designated bank account provided by the Company within one (1) calendar month from the date of execution of the Settlement Agreement;
- (ii) SJK shall pay or shall cause SJKGC to pay the entire cash dividends distributable of SJKGC to the Company and/or Hong Kong TEDA (and/or their nominee) in priority and until the full settlement of the Discounted Minimum Guaranteed Cash Dividends Amount;
- (iii) SJK and SJKGC shall be jointly and severally liable to all payments to be made to the Company and/or Hong Kong TEDA (and/or their nominee); and
- (iv) SJK and SJKGC shall take all necessary statutory procedures to give effect to all the terms set out in Mechanism 2.

C. Mechanism 3 – Payment of Minimum Guaranteed Cash Dividends Amount and return of Consideration Shares

In the event that neither Mechanism 1 nor Mechanism 2 is fulfilled, SJK and SJKGC irrevocably agree and guarantee that a sum of not less than US\$8,250,000 shall be paid to the Company and/or Hong Kong TEDA (and/or their nominee) and the Minimum Guaranteed Cash Dividends shall be satisfied in the following manner:–

- (i) as the Guarantee Cash Dividends Amount in the sum of US\$2,750,000 for the financial year ended 31 December 2017 has already been paid by SJK, the same will be deducted from the Minimum Guaranteed Cash Dividends Amount accordingly;

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- (ii) as the Profit Guarantee in each of the two financial years ended 31 December 2018 and 2019 has not been fulfilled and the Guaranteed Cash Dividends Amount in the aggregate sum of US\$5,500,000 has not been paid, SJK shall pay the Company and/or Hong Kong TEDA (and/or their nominee) forthwith the entire cash dividends distributable of SJKGC in the sum of US\$305,000 and US\$411,000 for the financial years ended 31 December 2018 and 2019, respectively, as partial settlement of the Minimum Guaranteed Cash Dividends Amount; and
- (iii) SJK is obliged to pay the Company and/or Hong Kong TEDA (and/or their nominee) the entire amount of cash dividends distributable of SJKGC at the end of each of the financial years during the Extended Guaranteed Period. In the event that the Guaranteed Cash Dividends Amount in aggregate during the Extended Guaranteed Period is less than US\$4,784,000, SJK irrevocably agrees to return the Consideration Shares to the Company, in proportion to an amount equivalent to the shortfall. Such Consideration Shares to be returned to the Company shall be valued and transferred at HK\$1.60 per share (regardless of the subsequent market share price movement) and the maximum number of the Consideration Shares to be transferred shall not be more than 23,322,000.

Except for the return of the Consideration Shares to the Company in accordance with the mechanism as stated in item (iii) above, SJK irrevocably and unconditionally undertakes to the Company and Hong Kong TEDA that it shall not and shall procure that the relevant registered shareholder(s) shall not in the period commencing on the date of the Amended and Restated Settlement Agreement and ending on 30 June 2023 dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of 23,322,000 Consideration Shares which SJK is the beneficial owner.

Should the return of the Consideration Shares as detailed in item (iii) above become a certainty and the exact number of the Consideration Shares been ascertained, the obligation of SJK to return such ascertained number of Consideration Shares to the Company shall be subject to all necessary waivers, consents, approvals, permits and/or authorisations from any relevant governments, regulatory authorities (including the SFC and the Stock Exchange) and/or other relevant third parties in respect of the transaction to be contemplated hereunder on the part of the Company and/or Hong Kong TEDA having been obtained, including, where necessary and applicable, the requisite approval of:

- (i) the Possible Share Buy-back by the Executive pursuant to Rule 2 of the Buy-backs Code; and

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- (ii) the Possible Share Buy-back by at least three fourths of the votes cast on a poll by disinterested shareholders in attendance in person or by proxy at a general meeting of the Shareholders duly convened and held to consider, among other things, the Possible Share Buy-back.

Conditions Precedent

The obligations of the Company, Hong Kong TEDA, SJK and SJKGC to perform pursuant to the Amended and Restated Settlement Agreement shall be subject to all necessary waivers, consents, approvals, permits and/or authorisations from any relevant governments, regulatory authorities (including the SFC and the Stock Exchange) and/or other relevant third parties in respect of the transactions contemplated thereunder on the part of the Company and/or Hong Kong TEDA having been obtained (including the approval from the Shareholders).

The Supplemental Share Purchase Agreement

Subject to all necessary waivers, consents, approval, permits and/or authorisations from any relevant governments, regulatory authorities (including the SFC and the Stock Exchange) and/or other relevant third parties in respect of the transactions contemplated under the Supplemental Share Purchase Agreement on the part of the Company and/or Hong Kong TEDA having been obtained (including the approval from the Shareholders), the Share Purchase Agreement (as amended and supplemented by two supplemental agreements dated 25 April 2016 and 12 September 2019) shall be supplemented and amended to the effect that:-

- (i) SJK warrants to the Company (and/or its nominee) that SJKGC in each of the three financial years of 2017, 2018 and 2019 (from 1st January to 31st December every year) will have an audited after tax profit of not less than US\$5,390,000;
- (ii) if the Profit Guarantee is not met, SJK irrevocably agrees and guarantees to pay, in an appropriate manner, SJKGC money in the amount equals to US\$5,390,000 minus SJKGC's actual audited after tax profit of that year, and meanwhile the Company (and/or its nominee) will have priority to cash dividends of SJKGC, to ensure and guarantee that the Company (and/or its nominee) can get cash dividends of not less than US\$2,750,000 of that year;
- (iii) without prejudice to the rights of the Company (and/or its nominee) under items (i) and (ii) above, SJK and SJKGC agree to extend the duration for the fulfilment of the Profit Guarantee from the three financial years of 2017, 2018 and 2019 to the six financial years of 2017, 2018, 2019, 2020, 2021 and 2022;

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- (iv) the Company, SJK and SJKGC agree that the terms and conditions in respect of the extension as stated in item (iii) above shall be referred to and have been detailed in the Amended and Restated Settlement Agreement and the Amended and Restated Shareholders' Agreement; and
- (v) SJK irrevocably agrees and undertakes that it shall comply and shall cause SJKGC to comply with the terms and conditions as stated in the Amended and Restated Settlement Agreement and the Amended and Restated Shareholders' Agreement.

The Amended and Restated Shareholders' Agreement

Except for the terms relating to (i) the Profit Guarantee; (ii) composition of the board of directors of SJKGC; and (iii) the restrictions and obligations on the parties to the agreement which shall be amended as detailed below, the other terms of the Amended and Restated Shareholders' Agreement are substantially the same as those set out in the Shareholders' Agreements, details of which have been set out in the circular of the Company dated 25 July 2016.

Profit Guarantee

Please refer to the paragraph headed "The Amended and Restated Settlement Agreement – Profit Guarantee" in this circular for details.

Board of Directors

The number of directors holding office at any one time shall be four (4) unless expressly agreed in writing by SJK and Hong Kong TEDA. SJK shall have no right to appoint any director, while Hong Kong TEDA shall have the right to appoint four (4) directors.

Restrictions and Obligations on the Parties

Hong Kong TEDA shall authorise SJK to be fully responsible for the business operations of SJKGC.

Conditions Precedent

The Company, Hong Kong TEDA, SJK and SJKGC shall not have the obligations to perform the Amended and Restated Shareholders' Agreement unless and until all necessary waivers, consents, approval, permits and/or authorisations from any relevant governments, regulatory authorities (including the SFC and the Stock Exchange) and/or other relevant third parties in respect of the transactions contemplated thereunder on the part of the Company and/or Hong Kong TEDA having been obtained (including the approval from the Shareholders).

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Reasons for and benefits of the entering into of the Agreements

Pursuant to a license agreement entered into between SJK and SJKGC in 2016, SJKGC is licensed by SJK to use quantitative EEG examination and diagnosis technology within the Licensed Area. SJK shall charge from customers of SJK, such as medical and health check institutions, a license fee and a royalty fee equal to certain proportion of their revenue by providing them with technical support and training services relating to quantitative EEG examination or diagnosis. Customers of SJK shall upload their acquired EEGs to the artificial intelligence cloud located in the United States of America which is operated by SJKGC for automatic identification and analysis of EEG. The examination and diagnosis reports formed shall then be passed back to the customers of SJK from the artificial intelligence cloud.

However, as a result of the implementation of regulations and government policies in the PRC in relation to cross-border transfer of population health data leading to complication of the procedures for transferring EEG data out of the PRC, SJKGC has since 2017 changed its business operation strategies and established a standalone EEG data management and detection system in the PRC. In response to the unsatisfactory performance of the standalone EEG data management and detection system that EEG data could not be interpreted smoothly for generating diagnosis report, and that the PRC market was generally not receptive to and casted doubt on the concept of EEG detection and its functionality resulting in the business scale of the EEG detection business developing at a pace far lower than originally anticipated, SJKGC has further researched on and improved the technology and database of its EEG data management and detection system to enhance the stability and functionality regarding the identification, processing and analysis of EEG.

As the time expended on, and the dealing with, the establishment and development of the EEG data management and detection system in the PRC, as well as the consequential issues encountered had not been taken into account at the time of the Acquisition, SJKGC was not able to develop its business plan as originally planned. This has led to SJKGC not being able to meet the Profit Guarantee for the financial years ended 31 December 2017, 2018 and 2019.

In addition, the development and operation of the EEG data management and detection system in the PRC has been stagnating due to the spread of the COVID-19 pandemic across the country in 2020.

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Although it is predicted that the development and operation of the EEG data management and detection system in the PRC would not have a huge improvement in the first half of 2021 as the COVID-19 pandemic is still not fully under control, the Company still have faith in the operation and development of EEG detection technology in the PRC and believes that as more people get vaccinated that the COVID-19 pandemic would be under more control in the near future, the Group's business will be back on track and the development and operation of the EEG data management and detection system in the PRC will have a positive growth in the upcoming years.

In light of the above, the Company entered into the Agreements to (i) extend the duration for fulfilment of the Profit Guarantee from three financial years of 2017, 2018 and 2019 to six financial years of 2017, 2018, 2019, 2020, 2021 and 2022; and (ii) revise the terms of the Profit Guarantee with the adoption of three alternative mechanisms for fulfilment of the Profit Guarantee.

After having taken into account the adverse impact and potential adverse consequences brought and to be brought by the COVID-19 pandemic to the Group, the Company that is of a view to revise the terms of the Profit Guarantee as little as possible formulated Mechanism 1 which shall first be adopted. Except for the (i) obligations of having an audited after tax profit of not less than US\$5,390,000 in each financial year; and (ii) fulfilment of the Minimum Guaranteed Cash Dividends Amount (i.e. US\$8,250,000) being extended from three financial years of 2017 to 2019 to six financial years of 2017 to 2022, the terms of Mechanism 1 remains substantially the same as those under the Profit Guarantee.

The Company also formulated Mechanism 2 as an alternative in the event that Mechanism 1 cannot be fulfilled. US\$8,085,000 being the total audited after tax profit of SJKGC to be warranted and guaranteed during the New Guaranteed Period represents half of the total amount of audited after tax profit of SJKGC for the three financial years of 2017 to 2019 under the Profit Guarantee (i.e. three times of US\$5,390,000), while US\$5,775,000 being the Discounted Minimum Cash Dividends Amount represents a 30% discount on the Minimum Cash Dividends Amount at US\$8,250,000. Mechanism 2 also requires SJK to transfer 39% shareholding in SJKGC to Hong Kong TEDA in return for the aforementioned discount given on the aggregate amount of audited after tax profit and cash dividends distributable of SJKGC to be guaranteed by SJK and/or SJKGC.

The terms of Mechanism 2 were determined after negotiations among the Group, SJK and SJKGC having considered the potential positive development and operation of the EEG data management and detection system in the upcoming years despite the challenges the Group has been facing in the past years due to the outbreak of the COVID-19 pandemic.

LETTER FROM THE BOARD

In the event that both Mechanism 1 and Mechanism 2 cannot be fulfilled, Mechanism 3 is also formulated as the last resort for fulfilment of the profit guarantee. Considering that the Minimum Cash Dividends Amount could not be fully settled in cash by SJK and/or SJKGC, the Company, after having negotiations with SJK and SJKGC, adopted an alternative approach for such settlement by requiring SJK to return certain number of Consideration Shares it holds in the Company which is equivalent to the shortfall of the Minimum Cash Dividends Amount and the actual amount paid. The price per Share at HK\$1.60 set for the return of the relevant amount of Consideration Shares is equivalent to the issue price when such Consideration Shares were allotted and issued to SJK at the time of the Acquisition.

The Directors (including the independent non-executive Directors) consider that the terms of the Agreements are on normal commercial terms and are fair and reasonable, and the Agreements and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Directors has material interest in the transactions contemplated under the Agreements and none of them is required to be abstained from voting on the relevant board resolutions.

General information of the parties

The Group

The Group is principally engaged in two sectors: (i) biological compound fertiliser business, which principally includes multiple series of biological compound fertiliser products under the brand of “Fulilong” used for the facilitation of balanced growth of grains, fruit and vegetables; and (ii) elderly care and health care business, which principally includes the comprehensive layout of elderly care services integrating medical services and elderly care services, and operation and management business that have strong demand with focus on the public with complete or partial disability or dementia.

SJK

SJK was incorporated on 7 October 2015 in Seychelles. As at the date of the Agreements, SJK is wholly-owned by Victor Mind Investment Limited, which in turn is wholly-owned by Mr. Wang Yedong (王治東先生).

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SJK has been granted the exclusive worldwide license by Kosivana (a Cyprus corporation) to use certain proprietary intellectual property in relation to quantitative EEG data collection, analysis and subsequently for establishing the associated medical data bank. SJK is the sole licensee of Kosivana (being the ultimate holder and owner of the proprietary quantitative EEG analysis technology for diagnosis of various psychiatric/neurological diseases) which shall sub-license to third parties around the globe the right to use the quantitative EEG examination and diagnosis technology (NeuroRef) as well as the EEG database established accordingly, and to charge corresponding sub-licensing fees.

SJKGC

SJKGC is an exempted company limited by shares incorporated in the Cayman Islands on 8 February 2016. As at the date of the Agreements, SJKGC is owned as to 51% and 49% by Hong Kong TEDA and SJK, respectively.

SJKGC principally engages in the licensing of IP Rights and provision of EEG analysis relating to diagnostics and related technical support and training services to clinical institutions in the Licensed Areas by utilising the IP Rights sub-licensed by SJK. The IP Rights cover patents, database, related technology, skills, information and training materials for EEG analysis and associated diagnostics.

Set out below is the financial information of SJKGC for the years ended 31 December 2019 and 2020:–

	For the year ended	
	31 December	
	2020	2019
	<i>RMB</i>	<i>RMB</i>
	(Audited)	(Audited)
Net (loss)/profit before taxation	(1,153)	2,844,759
Net (loss)/profit after taxation	(1,153)	2,844,759

The unaudited net asset value of SJKGC as at 31 January 2021 was approximately RMB5,042,370.

LETTER FROM THE BOARD

Financial effects of the transactions contemplated under the Agreements

By entering into the Agreements, the Group continues to hold 51% equity interest in SJKGC and SJKGC continues to be regarded as a subsidiary of the Company. As the transactions contemplated under the Agreements will not result in the Company's loss of control over SJKGC, no gain or loss will be recognised by the Group.

GEM Listing Rules implications

As SJK is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of SJKGC, the transactions contemplated under the Agreements constitute connected transactions of the Company under Chapter 20 of the GEM Listing Rules. The Board has approved the Agreements and the independent non-executive Directors have confirmed that the terms of the Agreements are fair and reasonable, the transactions contemplated under the Agreements are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole. Therefore, by virtue of Rule 20.99 of the GEM Listing Rules, the transactions contemplated under the Agreements are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and Shareholders' approval requirements.

Pursuant to Rule 19.36 of the GEM Listing Rules, since the entering into of each of the Agreements constitutes material variation of terms of the Acquisition, the applicable percentage ratios of which is more than 25% but less than 100%, the transactions contemplated under the Agreements constitute a major transaction of the Company under Chapter 19 of the GEM Listing Rules and are subject to the reporting, announcement, circular and Shareholders' approval requirements.

Pursuant to Rule 19.74(1) of the GEM Listing Rules, as the Transfer is not exercisable at the Company's discretion, the Transfer will be classified as if it had been exercised at the time of the entering into of the Agreements. As one or more of the applicable percentage ratios in respect of the Transfer is more than 5% but less than 25%, the Transfer at the time when the Agreements were entered into constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements.

LETTER FROM THE BOARD

Regulatory requirements

The Possible Share Buy-back from SJK to the Company may only proceed in case both Mechanism 1 and Mechanism 2 of the profit guarantee mechanism as detailed in the paragraph headed “The Amended and Restated Settlement Agreement – Profit Guarantee” in this circular cannot be fulfilled. The Possible Share Buy-back, if materialises, will constitute an off-market share buy-back by the Company under the Buy-backs Code. The Company shall then make an application to the Executive for approval of the Possible Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive’s approval, if granted, will normally be conditional upon, among other things, approval of the Possible Share Buy-back by at least three-fourths of the votes cast on a poll by the disinterested shareholders in attendance in person or by proxy at a general meeting of the Shareholders.

The Company shall issue further announcement(s) to inform the Shareholders and potential investors of the Company if and when the Possible Share Buy-back materialises.

(2) THE ENTERING INTO OF THE SUPPLEMENTAL LEASE AGREEMENT

Background

On 5 February 2018, Guangdong Fulilong (a direct wholly-owned subsidiary of the Company) as lessee and Guangdong Lvzhou as lessor entered into the Lease Agreement (which has amended, replaced and superseded the original lease agreement dated 1 April 2017), the major terms of which are as follows:-

Lease assets:	Three production lines and the related ancillary machineries and equipment in the manufacturing plant located at Hongwuwo Village, Hongmei Town, Dongguan City, Guangdong Province, the PRC* (廣東省東莞市洪梅鎮洪屋渦村)
Term:	From 1 April 2017 to 31 December 2022
Rental:	To be determined based on the monthly production of fertilisers by Guangdong Fulilong at RMB46 per ton
Payment terms:	Guangdong Fulilong shall settle the monthly rental to Guangdong Lvzhou before the 10th day of each month

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Renewal: Should Guangdong Fulilong intend to renew the lease term upon its expiry, it shall give Guangdong Lvzhou one month's notice in advance. Both Guangdong Fulilong and Guangdong Lvzhou shall enter into a new lease agreement upon the renewal request is being accepted by Guangdong Lvzhou.

Penalty: Should Guangdong Fulilong fail to pay the rental to Guangdong Lvzhou on time, Guangdong Fulilong shall pay Guangdong Lvzhou, on a daily basis, an amount equivalent to 0.05% of the monthly rental

On 8 October 2018, Guangdong Fulilong and Guangdong Lvzhou entered into a supplemental agreement to the Lease Agreement to shorten the expiry date of the lease term under the Lease Agreement to 31 October 2019.

On 8 October 2019, Guangdong Fulilong and Guangdong Lvzhou entered into a further supplemental agreement to the Lease Agreement (as amended and supplemented by a supplemental agreement dated 8 October 2018) to extend the lease term under the Lease Agreement for one year from 1 November 2019 to 31 October 2020.

On 1 May 2020, Guangdong Fulilong and Guangdong Lvzhou entered into the Supplemental Lease Agreement, the major terms of which are set out below.

Major terms of the Supplemental Lease Agreement

Subject matter: To extend the lease term under the Lease Agreement (as amended and supplemented by two supplemental agreements dated 8 October 2018 and 8 October 2019) for a period of ten years from 1 November 2020 to 31 October 2030

Rental: To be determined based on the monthly production of fertilisers by Guangdong Fulilong at RMB46 per ton. Should the annual production of fertilisers be less than 150,000 tons in total, Guangdong Fulilong shall settle the rental amount as if 150,000 tons of fertilisers have been produced during the year.

Except for the terms which have been amended and supplemented as stated above, all other terms under the Lease Agreement shall remain effective and in full force.

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Basis of determination of rental

The rental under the Supplemental Lease Agreement was determined after arm's length negotiations between Guangdong Fulilong and Guangdong Lvzhou after having taken into account the prevailing market rates for comparable premises in similar locations in the PRC and the existing rental under the Lease Agreement.

Reasons for and benefits of the entering into of the Supplemental Lease Agreement

The Group is principally engaged in the biological compound fertiliser business, which mainly includes manufacturing of multiple series of biological compound fertiliser products under the brand of "Fulilong" for facilitation of balanced growth of grains, fruit and vegetables. In order to expand such business by producing more types of fertiliser products to fit the needs of different customers, the Group decided to rent three production lines and the related ancillary machineries and equipment from Guangdong Lvzhou for the production of compound fertiliser by prilling tower process and bulk blending fertiliser.

The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Supplemental Lease Agreement are on normal commercial terms and in the ordinary and usual course of the business of the Group, and the terms of the Supplemental Lease Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

General information of the parties

The Group

The Group is principally engaged in two sectors: (i) biological compound fertiliser business, which principally includes multiple series of biological compound fertiliser products under the brand of "Fulilong" used for the facilitation of balanced growth of grains, fruit and vegetables; and (ii) elderly care and health care business, which principally includes the comprehensive layout of elderly care services integrating medical services and elderly care services, and operation and management business that have strong demand with focus on the public with complete or partial disability or dementia.

Each of Guangdong Fulilong, Shandong Fulilong and Shanghai Muling is a company established in PRC with limited liability and a subsidiary of the Company. Both Guangdong Fulilong and Shandong Fulilong principally engage in the research, development, manufacturing and sales of biological compound fertilisers. Shanghai Muling principally engages in the provision of elderly care consulting, advisory, management and assessment services and research and development of elderly care business.

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Guangdong Lvzhou

Guangdong Lvzhou is a company established in the PRC with limited liability and principally engages in the manufacturing and sales of various fertiliser products.

As at the date of the Supplemental Lease Agreement, Guangdong Lvzhou is owned as to 94.6667% and 5.3333% by Shenzhen Steady Investment Development Co., Ltd.* (深圳市穩健投資發展有限公司) and Mr. Yang Zhuo (楊焯先生), respectively. Shenzhen Steady Investment Development Co., Ltd.* (深圳市穩健投資發展有限公司) is in turn owned as to 76% and 24% by Mr. Zhang Songhong (張松鴻先生) and Ms. Yang Liqing (楊麗卿女士), respectively.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries:-

- (i) each of Guangdong Lvzhou and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules); and
- (ii) there is, and in the past twelve months, there has been, no material loan arrangement between (a) Guangdong Lvzhou, any of its directors and legal representatives and/or any ultimate beneficial owners of Guangdong Lvzhou who can exert influence on the transaction contemplated under the Supplemental Lease Agreement; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transaction).

Financial effects of the transactions contemplated under the Supplemental Lease Agreement

The value of the right-of-use assets additionally recognised by Guangdong Fulilong under the Supplemental Lease Agreement amounted to approximately RMB37.4 million, which is calculated with reference to the revised present value of the aggregated lease payments to be made under the Supplemental Lease Agreement as modification of lease contract in accordance with HKFRS 16. Upon entering into the Supplemental Lease Agreement, along with the abovementioned recognition of the right-of-use assets, an additional lease liability amounting to approximately RMB37.4 million is also recognised simultaneously in accordance with HKFRS 16.

LETTER FROM THE BOARD

GEM Listing Rules implications

Pursuant to HKFRS 16, the entering into of the Supplemental Lease Agreement requires the Group to recognise the right-of-use assets in its consolidated financial statements. Therefore, the transaction contemplated under the Supplemental Lease Agreement will be regarded as an acquisition of asset pursuant to Rule 19.04(1)(a) of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) in respect of the recognition of right-of-use assets under the Supplemental Lease Agreement exceeds 25% but is less than 100%, such recognition constituted a major transaction of the Company and should have been subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

EGM

The EGM will be held for considering and, if thought fit, passing the ordinary resolution to approve the Agreements, the Supplemental Lease Agreement and the transactions contemplated thereunder.

Notice of the EGM to be held at 10:00 a.m. on Thursday, 9 September 2021 at 9th Floor, Block A2, Tianda High-Tech Park, No. 80, The 4th Avenue, TEDA, Tianjin, the PRC is set out on pages 38 to 40 of this circular.

The reply slip and form of proxy for use at the EGM are enclosed to this circular. Whether or not you are able to attend (if you are so entitled to) the EGM, you are requested to complete the enclosed reply slip and form of proxy in accordance with the instructions printed thereon and return them to the registered office of the Company at No. 12 Tai Hua Road, The 5th Avenue, TEDA, Tianjin, the PRC (for holders of Domestic Shares) or the office of the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) as soon as possible and in any event for the reply slip, on or before Friday, 20 August 2021, and the proxy form no later than 24 hours before the time appointed for holding the EGM. Completion and return of the relevant form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, all resolutions at the EGM will be voted by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

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Pursuant to Rule 19.46 of the GEM Listing Rules, any Shareholder who has a material interest in the transactions contemplated under the Agreements shall abstain from voting to approve the Agreements and the transactions contemplated thereunder at the EGM. As at the Latest Practicable Date, SJK held 55,335,000 Shares, representing approximately 2.92% of the issued share capital of the Company and controls or is able to exercise control over the voting rights in respect of its shares in the Company and will be required to abstain from voting on the relevant resolutions at the EGM accordingly. Save for SJK, as at Latest Practicable Date, to the best knowledge of the Directors, no other Shareholder would be required to abstain from voting thereat as no other Shareholder has any interest in the Agreements which is different from the other Shareholders.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder has a material interest in the Supplemental Lease Agreement and the transaction contemplated thereunder. As such, no Shareholder is required to abstain from voting at the EGM in respect of the resolution for approving the Supplemental Lease Agreement and the transaction contemplated thereunder.

RECOMMENDATION

The Directors (including the independent non-executive Directors) consider that the terms of the Agreements and the Supplemental Lease Agreement are on normal commercial terms and are fair and reasonable, and the Agreements, Supplemental Lease Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Shareholders to vote in favour of all resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information as set out in the appendices to this circular.

WARNING NOTICE

Shareholders and potential investors of the Company should note that the obligations to perform the Agreements by the Company, Hong Kong TEDA, SJK and SJKGC are subject to fulfilment of the conditions precedent under the Agreements. There is no assurance that such conditions precedent will be fulfilled. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares.

Yours faithfully

By order of the Board

Tianjin TEDA Biomedical Engineering Company Limited

Sun Li

Chairman

I. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Company for each of the three years ended 31 December 2018, 2019 and 2020 are disclosed in the annual reports of the Company for each of the three years ended 31 December 2018, 2019 and 2020, respectively. These annual reports, together with the relevant notes thereto, have been published on both the website of the Stock Exchange (<http://www.hkgem.com/>) and the website of the Company (www.bioteda.com) with page references as follows:-

- (i) the audited consolidated financial statements of the Group for the year ended 31 December 2018 are set out on pages 73 to 164 of the annual report of the Company for the year ended 31 December 2018;
- (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2019 are set out on pages 73 to 160 of the annual report of the Company for the year ended 31 December 2019; and
- (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2020 are set out on pages 76 to 162 of the annual report of the Company for the year ended 31 December 2020;

II. INDEBTEDNESS STATEMENT

At the close of business on 31 May 2021, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the printing of this circular, the Group had outstanding debts as follows:

- (i) bank and other borrowings of approximately RMB33.1 million, comprising secured bank loans of approximately RMB16.6 million, unsecured bank loans of approximately RMB3.0 million, and unsecured other loans of approximately RMB13.5 million, respectively; and
- (ii) current and non-current lease liabilities of approximately RMB1.4 million and approximately RMB36.8 million; respectively.

As at 31 May 2021, certain of the Group's bank borrowings were secured by property, plant and equipment and guaranteed by a director of the subsidiary and an independent third party.

Save as disclosed above, the Group did not have any other material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits (whether secured, unsecured, pledged or unpledged) or any guarantees or other contingent liabilities at the close of business on 31 May 2021.

III. WORKING CAPITAL

The Directors are of the opinion that, after having taken into account the financial resources available to the Group including the internally generated funds and the present available facilities, as well as the impact of the transactions contemplated under the Agreements, the Group will have sufficient working capital for its requirements for at least the next 12 months from the date of this circular.

IV. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has not been any material adverse change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

V. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is currently engaged in two industry sectors: (i) the biological compound fertiliser business, which principally includes a series of biological compound fertiliser products that are used for the facilitation of balanced growth of grains, fruit and vegetables; and (ii) the elderly care and health care business, which principally includes the comprehensive layout of elderly care services integrating medical services and elderly care services, and operation and management business, which focus on seniors with complete or partial disability or dementia that have strong demand. Such business mainly includes conducting the operation and management of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related old-aged service businesses nationwide.

By applying the world's unique quantitative EEG detection and analysis technology acquired, the Group has cooperated with various medical institutions and medical examination bodies, both domestic and abroad, to assist the Group in diagnosing accurately various neuropsychiatric/disorders and quantifying the personality traits of children or adults and talents, thus providing a scientific basis for the development of children's acquired individualised cultivation and adult's adaptability on job positions.

Looking forward, the Group will continue to strive for business transformation and growth. The Group will develop its own international leading mid-to-high end elderly care institutions as and when appropriate. The Group will also vigorously expand the assistive equipment rental business and continue to improve the system, quality standards and service procedures to provide more comprehensive elderly care services for the elderly.

Regarding the EEG detection business, owing to the relatively slow business development as a result of various factors, as well as the spreading of COVID-19 pandemic worldwide, the EEG detection business has been significantly affected. However, in light of the great advancement and wide application of this technology, the Group is endeavoring to expand this business in the future.

1. RESPONSIBILITY STATEMENT

This circular, 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 that the information contained in this circular 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 circular misleading.

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

As at the Latest Practicable Date, the interests of the Directors and Supervisors and their respective associates in the Company and its associated corporations (within the meaning of Part XV of the SFO) were as follows:

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

Directors/Supervisors/ Executive Officers	Personal	Family	Corporate	Others	Total	Percentage of Issued share capital
Ms. Sun Li	-	-	300,000,000 <i>(Note)</i>	-	300,000,000	15.83%

Note: Out of these shares, 180,000,000 shares and 120,000,000 Shares are held by Shenzhen Xiangyong Investment Company Limited (“**Xiangyong Investment**”) and Dongguan Lvye Fertilizers Company Limited (“**Lvye Fertilizers**”), respectively. Ms. Sun Li is the beneficial owner of Beijing Yingguxinye Investment Co., Ltd. (“**Yingguxinye**”) holding its 15% equity interest, while Yingguxinye holds 100% equity interest in Xiangyong Investment and Lvye Fertilisers, respectively. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as at the Latest Practicable Date, none of the Directors, 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 are 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 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) otherwise 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.

3. SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the following persons (other than the Directors and the Supervisors) 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 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 Shareholders	Capacity	Number of ordinary shares	Percentage of issued share capital
Tianjin TEDA International Incubator	Beneficial owner	182,500,000 ^(Note)	9.63%
Shenzhen Xiangyong Investment Company Limited	Beneficial owner	180,000,000 ^(Note)	9.50%
Shandong Zhinong Fertilisers Company Limited	Beneficial owner	180,000,000 ^(Note)	9.50%
Dongguan Lvyte Fertilisers Company Limited	Beneficial owner	120,000,000 ^(Note)	6.33%

Note: All of the shares represent domestic shares.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the Supervisors) 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.

4. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group which was not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' AND SUPERVISORS' INTERESTS

None of the Directors or Supervisors has any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2020, the date to which the latest published audited financial statements of the Company were made up to.

None of the Directors or Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

The following Director was a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of sole director	Name of company
Ms. Sun Li	Shenzhen Xiangyong Investment Company Limited
Ms. Sun Li	Dongguan Lvye Fertilizers Company Limited

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates was interested in any business (apart from the business of the Group) which competes or is likely to compete either directly or indirectly with the business of the Group (as would be required to be disclosed under the GEM Listing Rules if each of them were a controlling shareholder).

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) had been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:-

- (a) a supplemental agreement in respect of the Share Purchase Agreement dated 12 September 2019 entered into among the Company, SJK and SJKGC;
- (b) the Settlement Agreement;
- (c) the Amended and Restated Settlement Agreement;
- (d) the Amended and Restated Shareholders' Agreement; and
- (e) the Supplemental Share Purchase Agreement.

8. LITIGATION

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, no member of the Group was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group that would have a material adverse effect on the results of operations or financial conditions of the Group.

9. AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules and by reference to the "Guidelines for The Establishment of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The audit committee provides an important link between the Board and the Company's auditor in matters coming within the scope of the Group's audit. The primary duties of the committee are to review and supervise the financial reporting process of the Group. It also reviews the effectiveness of the external audit, internal controls and risk evaluation.

The audit committee of the Company comprises three independent non-executive Directors, namely Mr. Li Xudong, Mr. Wang Yongkang and Ms. Gao Chun, among whom, Mr. Li Xudong was appointed as the chairman of the committee due to his professional qualifications in accounting and auditing experience. Biographical information of each member of the audit committee is set out below:

- (i) Mr. Li Xudong ("Mr. Li"), aged 51, is a senior accountant with a bachelor's degree in accounting, who also is an accountant, a public valuer and a tax agent certified in the PRC; is an executive partner with specific normal partnership (特殊普通合伙) at Da Hua Certified Public Accountant (大華會計師事務所); was a member of the 13th, 14th and 15th Main Board Issuance Examination Committee (主板發行審核委員會) of China Securities Regulatory Commission (中國證監會). Mr. Li has been engaged in certified accountant services since 1996, who focuses on listing whole or part of corporate assets, asset restructuring, audit of initial public offering projects and listed company and consultation services. Mr. Li was a certified accountant of main examination and signing at listed companies and large state-owned enterprises such as Dalian Wanda Commercial Properties Company Limited (萬達商業地產股份有限公司), Inner Mongolia Junzheng Energy & Chemical Group Company Limited (內蒙古君正能源化工股份有限公司), Hangxiao Steel Structure Company Limited (浙江杭蕭

鋼構股份有限公司), China Camc Engineering Company Limited (中工國際工程股份有限公司), and China National Machinery Industry Corporation (中國機械工業集團公司). Mr. Li has rich and professional experience in the fields of accounting, examination, asset evaluation, mergers and acquisitions, as well as company management consultation service. Mr. Li was appointed as an independent non-executive director of the Company since January 2017.

- (ii) Mr. Wang Yongkang (“**Mr. Wang**”), aged 52, obtained his bachelor’s degree of Law in administrative management from China University of Political Science and Law in 1993 and his master’s degree of Law in economic law from Capital University of Economics and Business in 1999. After postgraduate studies, Mr. Wang worked at Gaopeng & Partners (高朋律師事務所) as an attorney from 1999 to January 2002. From February 2001 to March 2003, he worked at Grandall Legal Group (Beijing)(國浩律師集團(北京)事務所) as a partner. In April 2003, he co-founded Broad & Ken Partners (博金律師事務所) where he has been working at till now. Mr. Wang served as an independent director of Zhengzhou Coal Industry & Electric Power Co., Ltd. (鄭州煤電股份有限公司)(600121) from 2007 to 2013. Mr. Wang was appointed as an independent non-executive director of the Company since November 2017.
- (iii) Ms. Gao Chun (“**Ms. Gao**”), aged 51, graduated from Gannon University in the United States of America with a master’s degree in business administration. Ms. Gao was a financial analyst in 6 sigma Black Belts (quality management method) at General Electric Company from 2000 to 2004. Ms. Gao was a financial manager at the Bayer U.S., development officer and business operation officer of Bayer China from 2004 to 2016. Ms. Gao was appointed as an independent non-executive director of the Company since January 2017.

10. MISCELLANEOUS

- (a) The registered office of the Company is situated at No. 12 Tai Hua Road, the 5th Avenue, TEDA, Tianjin, the PRC.
- (b) The head office and principal place of business of the Company is situated at 9th Floor, Block A2, Tianda Hi-Tech Park, No. 80, the 4th Avenue, TEDA Tianjin, the PRC.
- (c) The Hong Kong representative office of the Company is situated at 4/F., The Chinese Club Building, Nos. 21-22 Connaught Road Central, Central, Hong Kong.
- (d) The share registrar of the Company is Computershare Hong Kong Investor Services Limited situated at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

- (e) The company secretary of the Company is Mr. Ng Ka Kuen Raymond, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (f) The compliance officer of the Company is Ms. Sun Li. Ms. Sun has been the compliance officer of the Company since November 2015 and is also an executive Director since August 2015. Ms. Sun has obtained the certificate of Security Qualification from the Securities Association of China.
- (g) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the representative office of the Company in Hong Kong at 4/F., The Chinese Club Building, Nos. 21-22 Connaught Road Central, Central, Hong Kong, during normal business hours from 9:00 a.m. to 5:30 p.m. on any Business Day from the date of this circular up to and including the date of the EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the material contracts referred to in the paragraph headed “7. Material contracts” in this appendix;
- (c) the annual reports of the Company for the two financial years ended 31 December 2019 and 2020 respectively; and
- (d) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**Meeting**”) of the holders of foreign invested shares (“**H Shares**”) of nominal value of RMB0.10 each and the holders of domestic invested shares (“**Domestic Shares**”) of nominal value of RMB0.10 each in Tianjin TEDA Biomedical Engineering Company Limited (the “**Company**”) will be held at 9th Floor, Block A1, Tianda Hi-Tech Park, No. 80, The 4th Avenue, TEDA Tianjin, the People’s Republic of China (the “**PRC**”) on Thursday, 9 September 2021 at 10:00 a.m. to consider and, if thought fit, pass the following resolutions:

AS SPECIAL RESOLUTIONS

“**THAT:**

- (a) the amended and restated settlement agreement (the “**Amended and Restated Settlement Agreement**”) dated 26 March 2021 entered into among the Company, HONGKONG TEDA Biomedical Investment Limited (“**Hong Kong TEDA**”), Shu Ju Ku Inc. (“**SJK**”) and Shu Ju Ku Greater China Ltd. (“**SJKGC**”) which shall amend, replace and supersede the agreement dated 16 April 2016 entered into among the Company, SJK and SJKGC in relation to the acquisition of 51% equity interest in SJKGC at a total consideration of US\$27,000,000 (a copy of the Amended and Restated Settlement Agreement marked “A” has been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the supplemental share purchase agreement (the “**Supplemental Share Purchase Agreement**”) in respect of the share purchase agreement dated 16 April 2016 (as amended and supplemented by two supplemental agreements dated 25 April 2016 and 12 September 2019) dated 26 March 2021 entered into among the Company, SJK and SJKGC (a copy of the Supplemental Share Purchase Agreement marked “B” has been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (c) the amended and restated shareholders' agreement (the "**Amended and Restated Shareholders' Agreement**") dated 26 March 2021 entered into among the Company, Hong Kong TEDA, SJK and SJKGC (a copy of the Amended and Restated Shareholders' Agreement marked "C" has been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (d) the supplemental lease agreement (the "**Supplemental Lease Agreement**") dated 1 May 2020 entered into between Guangdong Fulilong Compound Fertilizers Factory Co., Ltd.* (廣東福利龍複合肥有限公司) and Guangdong Lvzhou Ecology Engineering Co., Ltd.* (廣東綠洲生態工程有限公司)(a copy of the Supplemental Lease Agreement marked "D" has been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (e) all actions taken or to be taken by the Company pursuant to the Amended and Restated Settlement Agreement, the Supplemental Share Purchase Agreement, the Amended and Restated Shareholders' Agreement and the Supplemental Lease Agreement (collectively, the "**Agreements**") be and are hereby generally and unconditionally approved, ratified and confirmed; and
- (f) any one or more directors of the Company (the "**Directors**") be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal, where applicable) which he/she/they consider(s) necessary, desirable or expedient to give effect to the Agreements and the transactions contemplated thereunder and to agree with such variation, amendment or waiver as, in the opinion of the Directors, in the interests of the Company and its shareholders as a whole."

Yours faithfully

For and on behalf of the board of Directors of
Tianjin TEDA Biomedical Engineering Company Limited
Sun Li
Chairman

Tianjin, the PRC
26 July 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Any shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote at the Meeting on his/her/its behalf in accordance with the Articles of Association of the Company. A proxy need not be a shareholder of the Company.
2. In order to be valid, the form of proxy of the holders of H Shares of the Company and, if such form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at Computershare Hong Kong Investor Services Limited (the “**Company’s H Share Registrar**”) of 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the meeting or any adjourned meeting or 24 hours before the time appointed for taking the poll.
3. Shareholders of the Company or their proxies shall produce documents of their proof of identity when attending the Meeting.
4. The register of the shareholders of the Company will be closed from Tuesday, 10 August 2021 to Thursday, 9 September 2021 (both days inclusive), during which no transfer of shares will be registered. As regards the holders of H Shares and in order to ascertain the entitlement to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s H Share Registrar not later than Monday, 9 August 2021 at 4:00 p.m. for registration.
5. Shareholders of the Company who intend to attend the Meeting should complete and deliver to the registered office of the Company (for the holders of Domestic Shares) or the office of the Company’s H Share Registrar (for the holders of H Shares) the enclosed reply slip by Friday, 20 August 2021. Further details are set out in the reply slip and explanation thereto.
6. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the Meeting if the member so desires and has delivered a valid reply slip for the Meeting, and in such event, the form of proxy shall be deemed to be revoked.
7. The registered address of the Company and the contact details of the Company are as follows:

No. 12 Tai Hua Road, The 5th Avenue, TEDA, Tianjin, the PRC
Fax No.: (8622) 5981 6909