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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)**

**DISCLOSEABLE TRANSACTION**  
**Disposal of an Associate**

On 13 August 2008, the Company entered into the Equity Transfer Agreement, pursuant to which the Company's wholly-owned subsidiary, Guangdong Fulilong Compound Fertilizers Co., Limited has agreed to dispose of 40% equity interests in Shaanxi Xing Fu Fertilizer Company Limited (陝西興福肥業有限公司) to the Purchaser, at a cash consideration of RMB21,927,960 (approximately HK\$24,974,897).

The disposal of 40% equity interests in Xingfu by Fulilong constitutes a discloseable transaction to the Company pursuant to the GEM Listing Rules. A circular containing, among other things, details of the transaction will be dispatched to the shareholders of the Company in accordance with the requirements of the GEM Listing Rules.

**THE EQUITY TRANSFER AGREEMENT**

- Date** : 13 August 2008
- Vendor** : Guangdong Fulilong Compound Fertilizers Co., Limited (廣東福利龍複合肥有限公司), a wholly-owned subsidiary of the Company
- Purchaser** : Shaanxi Xinghua Chemistry Company Limited (陝西興化化學股份有限公司), a PRC company listed on the Shenzhen Stock Exchange. The Purchaser is principally engaged in production, process, wholesale and retail of synthetic ammonia, nitric acid, ammonium nitrate, porous ammonium nitrate, special gas and iron power and production and sale of compound fertilizer and complex fertilizer. The Purchaser and its ultimate beneficial owners are Independent Third Parties.
- Asset disposed of** : 40 % equity interests in Shaanxi Xing Fu Fertilizer Company Limited (陝西興福肥業有限公司), an associate of the Company

**Terms** : Fulilong shall sell and the Purchaser shall purchase 40% equity interests in Xingfu on and subject to the terms and conditions contained in the Equity Transfer Agreement.

### **Conditions Precedent and Completion**

The obligations of Fulilong and the Purchaser to consummate the transaction contemplated under the Equity Transfer Agreement are conditional upon the followings:

1. the Equity Transfer Agreement being approved by the board of directors of Fulilong and the Purchaser;
2. the Equity Transfer Agreement being approved by the board of directors and members of Xingfu;
3. completion of the registration procedure of the transaction in the local Business Administrative Bureau;
4. compliance of disclosure requirements by the Company and the Purchaser; and
5. completion of the reporting procedures of the Asset Valuation Report, the Equity Transfer Agreement and other document in relation to the transaction with the relevant State-owned Assets Supervision and Administration Department.

Upon Completion, the Company and Fulilong will not hold any equity interest in Xingfu and Xingfu will then cease to be an associate of the Company.

### **Consideration**

The consideration under the Equity Transfer Agreement, RMB21,927,960 (approximately HK\$24,974,897), is determined on an arm's length basis between the parties to the Equity Transfer Agreement and with reference to the Asset Valuation Report issued by an Independent Third Party. The Asset Valuation Report signifies that Xingfu had a net asset value of RMB53,368,900 as at 30 June 2008. The consideration is payable within 5 working days after the date of the Equity Transfer Agreement. Based on the net proceeds of RMB21,927,960 and the net asset value of RMB53,368,900 of Xingfu as at 30 June 2008 set out in the Asset Valuation Report, the equity interests in Xingfu were disposed at a premium of 2.72%. As a result, the gain of the transaction is expected to be RMB580,400. The net proceeds will be used as working capital of Fulilong.

### **Information on Xingfu**

Xingfu is a company established in the PRC on 25 May 2004 and is directly owned as to 40% and 60% by Fulilong and the Purchaser respectively. The registered capital of Xingfu is RMB50,000,000, of which RMB 20,000,000 (40%) was contributed by Fulilong. It is principally engaged in production and sale of compound fertilizers, complex fertilizers, chemical fertilizers, bio-fertilizers, plant fertilizers, animal manure, plant growth regulators etc.

The audited net asset value of Xingfu was approximately RMB50,748,900 and RMB47,706,900 as at 31 December 2006 and 2007 respectively. The following table shows the audited results of Xingfu and its contribution to the Group for two financial years ended on 31 December 2007:

	<b>For the year ended 31 December</b>	
	<b>2006</b>	<b>2007</b>
	<b>(Audited)</b>	<b>(Audited)</b>
	<i>RMB</i>	<i>RMB</i>
Turnover	142,845,000	75,089,000
Loss/profit before tax and minority interest	410,000	(3,297,000)
The Group's share of results of Xingfu	163,849	(1,318,912)
The Group's Interest in Xingfu (interests in an associate)	20,299,553	18,980,641

Xingfu has prepared its accounts in accordance with the PRC Accounting and Auditing Standards. The Group has accounted for its interest in Xingfu using the equity method of accounting in accordance with the Hong Kong Financial Reporting Standards and has recorded its portion of Xingfu's net operating results as share of profit/loss of associate. The Group will continue with such accounting treatment in respect of its interest in Xingfu until completion of the disposal.

#### **Reasons for and the benefits of the disposal**

Xingfu is an associate, rather than a subsidiary, of Fulilong, which is the Company's wholly owned subsidiary, thus apart from making contribution to the investment gain of the Group, it will not generate any turnover growth for the Group. Regarding the operating results of Xingfu since its incorporation, it had suffered from accumulated loss for the past three financial years. Although Xingfu recorded its first profit in 2008, the return for the Group's investment is still far from expected, and is lower than the utilization cost of the Group's capital. In light of Xingfu's current operating position and future prospect analysis, as well as considering the Group's current operation strategies, the Board is of the view that the disposal of Xingfu will enable the Group to concentrate its owned assets on the business that coincides with the Group's strategy. It can also help the Group to focus on its owned compound fertilizer production base in Guangdong and Shangdong, so as to maintain its growth in turnover, expand its earning and maximize the return to shareholders.

The Board is of the view that disposal of Xingfu will also cease its financial burden on the Group and the Group can shift more resources to the development of biology compound fertilizer and medical health products which the Group has advantages at marketing, expertise and specialized technologies.

Accordingly, the Company decides that disposal of its equity interests in Xingfu will benefit the Group as a whole. The Board is in the view that the disposal of Xingfu will have minimal effect on the Group's future operating profit.

Based on the above, the Board is of the view that the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of both the Company and its shareholders as a whole.

## INFORMATION ON THE GROUP

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

## DISCLOSEABLE TRANSACTION

As the disposal of the equity interests in Xingfu by Fulilong constitutes a discloseable transaction to the Company pursuant to the GEM Listing Rules, a circular containing, among other things, details of the transaction will be dispatched to the shareholders of the Company as soon as practicable in accordance with the requirements of the GEM Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Asset Valuation Report”	An asset valuation report on Xingfu dated 30 June 2008 issued by a qualified asset valuation company in Beijing, which is an Independent Third Party
“Board”	the board of Directors (including the independent non-executive directors)
“Company”	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 established in the PRC with limited liability on 8 September 2000 whose H shares are listed and traded on GEM (Stock Code: 8189 )
“Completion”	completion of the Equity Transfer Agreement
“Directors”	the directors (including the independent non-executive directors) of the Company
“Equity Transfer Agreement”	the conditional equity transfer agreement entered into between Fulilong as the vendor and the Purchaser on 13 August 2008 for the disposal of 40% equity interest in Xingfu
“Fulilong”	Guangdong Fulilong Compound Fertilizers Co., Limited; a wholly owned subsidiary of the Company
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of the Hong Kong Special Administrative Region

“Independent Third Party”	person or entity which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is a third party independent of the Company and the connected persons (as defined in the GEM Listing Rules) of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
“Purchaser”	Shaanxi Xinghua Chemistry Company Limited (陝西興化化學股份有限公司), a limited liability company incorporated in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Xingfu”	Shaanxi Xing Fu Fertilizer Company Limited (陝西興福肥業有限公司), a limited liability company incorporated in the PRC and is owned as to 40% by Fulilong and 60% by the Purchaser
“%”	per cent.

*For the purpose of this announcement, conversion of RMB into HK\$ is calculated by using the exchange rate of HK\$1.00= RMO.878. Such exchange rate is used for the sole purpose of illustration only and does not constitutes a representation that any amounts have been, could have been or may be exchanged at this or any other exchange rates or at all.*

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

Tianjin, the PRC  
14 August 2008

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*The announcement will remain on the GEM website at <http://www.hkgem.com> at the “Latest Company Announcements” page for 7 days from the date of its publication.*