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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) PROPOSED GRANTING OF A SPECIFIC MANDATE TO ISSUE
NEW SHARES RELATING TO A POSSIBLE PLACING
AND
(2) PROPOSED AMENDMENTS OF ARTICLES OF ASSOCIATION**

PROPOSED SPECIFIC MANDATE

On 13 January 2015 (after trading hours), the Board resolved to convene the EGM and the Class Meetings for granting of a specific mandate in relation to the Placing of not more than 192,500,000 H Shares (for itself and for TTII). The 192,500,000 H Shares represents not more than approximately 13.56% and 27.30% respectively of the existing total issued share capital and the existing issued H Shares of the Company as at the date of this announcement.

The issue of Total Placing H Shares and the conversion of Domestic Shares into Sale H Shares will be subject to the Specific Mandate to be sought from the Shareholders at the EGM and the Class Meetings.

The Company has further agreed to appoint China Merchants Securities (HK) Co., Ltd., to be the placing agent in relation to the Placing. Upon fulfillment of the conditions precedent described in the paragraph headed “Conditions of the Placing” below, the Company and the Placing Agent, at the time to be mutually agreed and subject to a placing agreement to be entered into, will fix all terms and conditions of the Placing, in particular, the Placing Price which however, shall not be:

- (a) at a discount of more than 15% of the average closing price of H Shares during the 5 consecutive trading days immediately prior to the date on which the Placing Price is agreed;
- (b) less than the par value of the H Shares; and
- (c) less than the net asset value per Share disclosed in the latest management accounts certified by a Director and provided to the Placing Agent by the Company on the date on which the Placing Price is agreed.

The 15% discount has been determined after arm’s length negotiations between the Company and the Placing Agent.

The Directors consider that it would be in the best interest of Shareholders to fix the Placing Price according to the prevailing market conditions after fulfillment of all conditions precedent which will be close to the time of completion of the Placing.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

The Articles will be amended subject to the Shareholders’ approval at the EGM, to reflect the changes in the number of the issued Domestic and H Shares.

A circular containing, among other things, (i) details regarding the Specific Mandate and the Placing and (ii) a notice convening the EGM and the class meetings, will be dispatched to the Shareholders as soon as possible.

The Placing is subject to the satisfaction of the conditions precedent which are more particularly set out in the paragraph headed “Conditions of the Possible Placing” below. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

PROPOSED SPECIFIC MANDATE

On 13 January 2015 (after trading hours), the Board resolved to convene the EGM and the Class Meetings for granting a specific mandate in relation to Placing of not more than 192,500,000 H Shares (for itself and TTII). The 192,500,000 H Shares represents not more than approximately 13.56% and 27.30% respectively of the existing total issued share capital and the existing issued H Shares of the Company as at the date of this announcement.

After approval by the Board of the Placing, the Company has agreed to appoint China Merchants Securities (HK) Co., Ltd., to be the placing agent in relation to the Placing. Upon fulfillment of the conditions precedent described in the paragraph headed “Conditions of the Placing” below, the Company and the Placing Agent, at the time to be mutually agreed and subject to a placing agreement to be entered into, will fix all terms and conditions of the Placing.

The Placing Agent is an Independent Third Party. The engagement of the Placing Agent shall be valid for 1 year from the date of appointment, unless renewed by the parties in writing.

The issue of the Total Placing H Shares and the conversion of Domestic Shares into Sale H Shares will be subject to the Specific Mandate to be sought from the Shareholders at the EGM and the Class Meetings.

The Board would propose to the Shareholders to grant the Specific Mandate with a duration of 12 months.

Placees

The Company intends to place the Total Placing H Shares to not fewer than six Placees who and whose ultimate beneficial owners will not be connected persons (as defined in the GEM Listing Rules) of the Company and will be independent of the Company and its connected persons (as defined in the GEM Listing Rules).

The Company (for itself and on behalf of TTII) will also ensure that no individual Placee will become a substantial Shareholder (as defined under the GEM Listing Rules) immediately after the Placing.

The Proposed Total Placing H Shares

The number of the proposed Total Placing H Shares will not exceed 192,500,000 Shares which comprise the New H Shares and the Sale H Shares converted from equal number of the Domestic Shares held by TTII in the event that the Social Security Fund decides not to hold such Domestic Shares itself. The Total Placing H Shares under the Placing represent approximately respectively 12.07% and 21.45% of the total issued share capital and the issued H Shares of the Company as enlarged by the Placing on the assumption that all the Total Placing H Shares are issued under the Placing.

The New H Shares comprise not more than 175,000,000 new H Shares which represent (i) approximately 12.32% of the existing issued share capital of the Company; and (ii) 10.97% of the total issued share capital of the Company as enlarged by the Placing. The Sale H Shares comprise not more than 17,500,000 new H Shares which represent (i) approximately 1.23% of the existing issued share capital of the Company; and (ii) approximately 1.10% of the total issued share capital of the Company as enlarged by the Placing.

Pursuant to the State-owned Shares Reduction Regulations, a number of state-owned shares in a joint stock company equivalent to 10% of new shares issued under each fund raising activity of the joint stock company should be transferred to the Social Security Fund. As TTII is a state-owned enterprise and pursuant to the State-owned Shares Reduction Regulations, TTII is required to transfer to the Social Security Fund a number of Domestic Shares held by it equivalent to 10% of the New H Shares to be issued and placed by the Company. TTII has authorized the Company, in the event that the Social Security Fund decides not to hold the Shares to be transferred to it but to sell them instead, to directly convert such Domestic Shares into Sale H Shares on a one-to-one basis for sale and to appoint the Placing Agent to procure the sale of such Sale H Shares. The Placing Agent is therefore appointed as agent of the Company (for itself and for TTII) for procuring the sale of, on a best efforts basis, the New H Shares as well as the Sale H Shares.

Ranking of the Total Placing H Shares

The Total Placing H Shares under the Placing will rank, upon issue, pari passu in all respects with the Domestic Shares and H Shares in issue on the date of allotment and issue of the Total Placing H Shares.

Placing Price

The Total Placing H Shares will be issued for cash. Upon fulfillment of the conditions precedent set out at paragraph headed “Conditions of the Placing” below, the Company and the Placing Agent will fix all terms and conditions of the Placing, in particular, the Placing Price, subject to a placing agreement, which however, shall not be:

- (a) at a discount of more than 15% of the average closing price of H Shares during the 5 consecutive trading days immediately prior to the date on which the Placing Price is agreed;
- (b) less than the par value of the H Shares; and
- (c) less than the net asset value per Share disclosed in the latest management accounts certified by a Director and provided to the Placing Agent by the Company on the date on which the Placing Price is agreed.

The 15% discount has been determined after arm’s length negotiations between the Company and the Placing Agent.

The Directors consider that it would be in the best interest of Shareholders to fix the Placing Price according to the prevailing market conditions after fulfillment of all conditions precedent which will be closer to the time of completion of the Placing.

The Board will make an announcement pursuant to the GEM Listing Rules once the placing agreement to be signed with the Placing Agent.

Placing Costs

The placing costs shall be determined in the placing agreement to be entered into by the Company and the Placing Agent.

Conditions of the Placing

The preliminary conditions precedent for the Placing are:

- (a) the CSRC granting the approval of the issue of the Total Placing H Shares;
- (b) the obtaining of the approval of the issue of the Total Placing H Shares and the transactions contemplated thereby by a special resolution of the Shareholders at the EGM and the approvals thereof by special resolutions of holders of the Domestic Shares and the H Shares at the Class Meetings conducted in accordance with the Articles;
- (c) TTII having been granted the approval of its shareholding reduction pursuant to the State-owned Shares Reduction Regulations and to properly convert equal number of Domestic Shares into the Sale H Shares in the event that the Social Security Fund decides not to hold such Domestic Shares itself; and
- (d) the obtaining of all other consents and approvals required for the Placing from relevant regulatory authorities in Hong Kong, the PRC and/or any other relevant jurisdictions, if applicable.

If the foregoing conditions are fulfilled, the Company will procure to enter into a placing agreement with the Placing Agent at the time to be agreed by the parties.

If the foregoing conditions could not be fulfilled within 12 months from the date of passing the special resolutions in respect of the Specific Mandate, no Placing will take place.

The Company intends to seek approval from the Stock Exchange for the listing of and permission to deal in the Total Placing H Shares after fulfillment of the above conditions precedent.

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

Reasons for the Placing

The Directors consider that the Placing represents an opportunity to raise capital for the Company to enhance the general working capital base, to develop the business of the Group and to strengthen the financial position of the Group.

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

Intended use of proceeds

On the assumption that all the 192,500,000 Total Placing H Shares are issued under the Placing with an indicative placing price of approximately HK\$0.683 per new Placing H Share (being the average closing price of the H Share as quoted on GEM for the 5 consecutive trading days ended on 12 January 2015 with a discount of 15%), the gross proceeds of the Placing would amount to approximately HK\$119,525,000 after deducting the amount due to the Social Security Fund for the sale of Sale H Shares and the net proceeds could only be determined upon signing of the placing agreement to be entered by the Company and the Placing Agent.

Investors should note that the final amount of funds raised under the Placing may vary from the above estimate as the actual number of Shares placed and the actual Placing Price will only be ascertained upon signing of the placing agreement between the parties.

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

- (i) as to approximately 60% for the consolidation of the distribution channels and expansion of marketing network of the Group's compound fertilizer and sugar-reducing and sugar-free health products;
- (ii) as to approximately 15% for strengthening the brand development of the Group's compound fertilizer and health foods;
- (iii) as to approximately 10% for the research and development of new products; and
- (iv) as to approximately 15% for the general working capital of the Group.

Fund raising activities in the past twelve months

The Company has not conducted any other fund raising activities involving any issue of equity securities in the past twelve months before the date of this announcement.

Effects on shareholding structure

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

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

PROPOSED AMENDMENTS TO THE ARTICLES

The existing capital structure of the Company is set out in the Articles. The provisions in the Articles concerning the capital structure of the Company are as follows:

1. Article 20 sets out the total issued share capital of the Company and the respective number of the Domestic Shares and the H Shares; and
2. Article 23 sets out the existing total issued share capital of the Company.

The capital structure of the Company will be altered upon completion of the Placing. Accordingly, the Directors will seek from the Shareholders at the EGM and the Class Meetings the approval and authority to amend the Articles to reflect the new capital structure of the Company as a result of the number of new Placing H Shares to be issued and the number of Domestic Shares to be cancelled as a result of conversion into Sale H Shares under the Placing.

Subject to obtaining the approval and authority to make the proposed amendments to the Articles as described above, the Directors will amend the Articles accordingly.

EGM

As no Shareholders (save for TTII) or their respective associates has any interests in the Placing (other than through their interests in the Company), no Shareholders (save for TTII) is required to abstain from voting at the EGM and the Class Meetings under the GEM Listing Rules. TTII will abstain from voting at the EGM and the Class Meetings.

GENERAL

A circular containing, among other things, further details of Specific Mandate and a notice convening the EGM and the Class Meetings will be dispatched by the Company to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

DEFINITIONS

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

| | |
|-------------------|---|
| “Articles” | the Articles of Association of the Company |
| “Board” | the board of Directors |
| “Business Day” | any day (excluding a Saturday, Sunday and public holiday) on which banks generally are open for business in Hong Kong |
| “Class Meetings” | the respective class meetings of the holders of H Shares and holders of Domestic Shares to be convened and held for the purposes of approving the grant of the specific mandate in relation to Total Placing H Share(s), including any adjournment in respect thereof |
| “Company” | Tianjin TEDA Biomedical Engineering Company Limited, a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed and traded on GEM (Stock Code: 8189) |
| “CSRC” | 中國證券監督管理委員會 (China Securities Regulatory Commission), the regulatory body responsible for the supervision and regulation of the PRC national securities market |
| “Director(s)” | director(s) of the Company |
| “Domestic Shares” | the domestic invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are subscribed for in RMB |

| | |
|---------------------------|--|
| “EGM” | the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things (i) the proposed granting of the Specific Mandate; and (ii) the proposed amendments of the Articles |
| “GEM” | The Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM, as amended, modified or supplemented from time to time |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “H Shares” | the overseas listed foreign invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are listed on GEM and subscribed for and traded in HK\$ |
| “Independent Third Party” | a party who and whose ultimate beneficial owners are third parties independent of and not connected with the Company and any of the connected persons of the Company as defined under the GEM Listing Rules |
| “New H Shares” | not more than 175,000,000 new H Shares to be issued under the Placing at the Placing Price |
| “Placing” | the possible placing of the Total Placing H Shares pursuant to the Specific Mandate |
| “Placing Agent” | China Merchants Securities (HK) Co., Ltd. (招商証券(香港)有限公司), a corporation licensed to engaged in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO or upon the terminate of the engagement with China Merchants Securities (HK) Co., Ltd. any placing agent to be engaged by the Company which is an Independent Third Party |
| “Placing Price” | the placing price per new Placing H Share as referred to in the paragraph headed “Placing Price” of this announcement |
| “PRC” | the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |

| | |
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| “Sale H Shares” | not more than 17,500,000 new H Shares to be converted from equal number of the Domestic Shares held by TTII equivalent to 10% of the New H Shares pursuant to the requirements under the State-owned Shares Reduction Regulations for purchase at the Placing Price under the Placing in the event that the Social Security Fund decides not to hold such Domestic Shares itself |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, modified or supplemented from time to time |
| “Share(s)” | Domestic Share(s) and/or H Share(s) |
| “Shareholder(s)” | holder(s) of Share(s) |
| “Social Security Fund” | 全國社會保障基金理事會 (National Council for Social Security Fund, the PRC) |
| “Specific Mandate” | the specific mandate to be granted to the Directors by the Shareholders at the EGM and the Class Meetings to issue the Total Placing H Shares and to convert Domestic Shares into Sale H Shares for the Placing |
| “State-owned Shares Reduction Regulations” | 減持國有股籌集社會保障資金管理暫行辦法 (the Provisional Administrative Measures for the Reduction of State-owned Shares and the Raising of the Social Security Fund) promulgated by 中國國務院 (the State Council of the PRC) on 12 June 2001 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Total Placing H Share(s)” | the aggregate number of the New H Shares and the Sale H Shares which shall not exceed 192,500,000 Shares |
| “TTII” | Tianjin TEDA International Incubator, a state-owned enterprise incorporated in the PRC with limited liability and one of the promoters of the Company |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent. |

By Order of the Board
Wang Shuxin
Chairman

Tianjin, the PRC
13 January 2015

As at the date of this announcement, the board of Directors comprises three executive Directors, namely, Mr. Wang Shuxin, Mr. Hao Zhihui and Mr. Chen Yingzhong, three non-executive Directors, namely, Mr. Feng Enqing, Mr. Xie Guangbei and Mr. Ou Linfeng and three independent non-executive Directors, namely, Mr. Guan Tong, Mr. Wu Chen and Mr. Peter K. S. Chan.

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: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

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