

The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 28 December 2021, the Company entered into the Equity Transfer Agreement, pursuant to which the Company agreed to sell 30.2653% equity interest in Tianjin Alpha to the Purchaser at a cash consideration of RMB10,860,000 (approximately HK\$13,290,000). Upon the completion, the Company will no longer hold any equity interest in Tianjin Alpha. In order to ensure the timely performance of the Equity Transfer Agreement, the Company entered into the Equity Pledge Agreements with the Purchaser and Tianjin Huyanglin, respectively.

Pursuant to Chapter 19 of the GEM Listing Rules, the entering into of the Equity Transfer Agreement, the Equity Pledge Agreements and the transactions contemplated thereunder constitute discloseable transactions of the Company as the relevant percentage ratio exceed 5% but is less than 25%.

Equity Transfer Agreement

Date: 28 December 2021

Seller: the Company

Purchaser: a natural person and a citizen of the People's Republic of China. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is an independent third party of the Company.

Assets to Be Disposed of: 30.2653% equity interest in Tianjin Alpha. Upon the completion of the disposal, the Company will cease to hold any equity interest in Tianjin Alpha.

Consideration: Based on the accounts prepared in accordance with PRC accounting standards, the unaudited net asset value of Tianjin Alpha as at 30 September 2021 was RMB35.89 million and the net asset value corresponding to 30.2653% equity interest was RMB10.86 million. On this basis, the total consideration for the transaction is RMB10.86 million. The consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to the above-mentioned unaudited net asset value.

Summary of Terms:

Payment Method: The consideration shall be paid by instalments over an overall payment period of 18 months, of which 50% of the total consideration will be paid in aggregate in the first 12 months, payable in 12 equal monthly instalments, i.e. RMB452,500 per month; and the remaining total consideration will be paid in equal monthly instalments in the last 6 months, i.e. RMB905,000 per month. The Purchaser has agreed to pay monthly interest and penalty interest (if any) on the outstanding Total Consideration at the rate of 6% per annum, which will be paid together with the monthly equity transfer payment until the Purchaser has paid the Total Consideration in full.

Guarantees: The relevant parties have signed the Equity Pledge Agreement 1 and the Equity Pledge Agreement 2, the details of which were set out below in this announcement.

Completion: The Purchaser shall pay the transaction consideration for the first month pursuant to this Equity Transfer Agreement and complete relevant procedures for equity pledge registration as agreed under the Equity Pledge Agreement 1. The Company shall, at the request of the Purchaser, provide the information required for change of industrial and commercial registration and complete relevant procedures for change of industrial and commercial registration, within 7 business days after the completion of such conditions in full.

Default Liability: Failure of the Purchaser to pay the equity transfer amount to the Company as scheduled or fails to provide full guarantees in accordance with the provisions of the Equity Pledge Agreement 1 and the Equity Pledge Agreement 2 shall constitute a default. The Purchaser shall pay the penalty interests to the Company at a daily rate equivalent to 0.05 percent of the outstanding equity transfer amount from the date of default. If the Purchaser fails to make full payment as scheduled of three instalments of equity transfer amounts, the Purchaser shall be deemed to be in default and shall pay 30% of the total outstanding amount as liquidated damages to the Company in addition to the outstanding equity transfer amount and the foregoing agreed penalty interests, and the Company shall be entitled to exercise pledge rights over the pledges and take corresponding legal measures against the Purchaser in accordance with the Equity Pledge Agreement 1 and the Equity Pledge Agreement 2, unless the above situation is caused by reasons such as acts of default of the Company or failure of the Company to cooperate in a timely manner.

The Equity Pledge Agreement 1

Date: 28 February 2021

Pledgee: the Company

Pledgor 1: Tianjin Huyanglin

The summary of terms:

The Purchaser holds 61% interest of Pledgor 1, which holds 47.9437% interest of Tianjin Alpha. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the equity holders of Pledgor 1 are Independent Third Parties of the Company.

In order to ensure the realization of the Company's interests under the Equity Transfer Agreement, Pledgor 1 has provided equity pledge guarantee to the Company against its 30% equity interest in Tianjin Alpha. The pledge guarantee covers all obligations of payment to the Company by the Purchaser as agreed under the Equity Transfer Agreement, including but not limited to the entire amount of equity transfer, corresponding interest (including penalty interest) and liquidated damages payable by the Purchaser to the Company as agreed under the Equity Transfer Agreement, as well as various litigation and non-litigation costs incurred by the Company in exercising its recourse against Pledgor 1 and realizing its rights under the guarantee.

The period of the Equity Pledge Agreements shall commence from the completion of signing the Equity Transfer Agreement and end on on which all payment obligations of the Purchaser as agreed under the Equity Transfer Agreement have been fulfilled. Within seven business days after the signing of the Equity Transfer Agreement, the Pledgor 1 shall, at the request of the Company, complete relevant procedures for the equity pledge registration at the pledge registration authority.

The Equity Pledge Agreement 2

Date: 28 February 2021

Pledgee: the Company

Pledgor 2: the Purchaser

The summary of terms:

In order to ensure the realization of the Company's interests under the Equity Transfer Agreement, the Purchaser pledges 30.2653% of the equity interest in Tianjin Alpha transferred from the Company pursuant to the Equity Transfer Agreement as the pledge guarantees for all payment obligations of the Purchaser under the Equity Transfer Agreement. The pledge guarantees cover all obligations of the Purchaser to make payments to the Company under the Equity Transfer Agreement, including but not limited to the entire equity transfer amount, the corresponding interest (including penalty interest) and liquidated damages as agreed in the Equity Transfer Agreement to be paid by the Purchaser to the Company, as well as various litigation and non-litigation expenses incurred by the Company in exercising its recourse rights against the Purchaser and realising its guarantee rights.

The period of the Equity Pledge Agreements shall commence from the completion of signing the Equity Transfer Agreement and end on the date on which all payment obligations of the Purchaser as agreed in the Equity Transfer Agreement have been fulfilled. The Purchaser shall pledge to the Company all the equity interests in Tianjin Alpha which have been transferred to the Purchaser within seven business days after the Company has completed the change of industrial and commercial registration relating to the transfer of equity interests in Tianjin Alpha.

General information and financial information of Tianjin Alpha

Tianjin Alpha was incorporated in the PRC on 15 August 1994 with a registered capital of RMB21,684,261 (equivalent to approximately HK\$26,550,000). Tianjin Alpha is engaged in the manufacturing, marketing and sales of diabetic healthcare food products with blood sugar regulating function and sugar-free food products which are beneficial to human health.

As at the date of the Equity Transfer Agreements, the shareholding structure of Tianjin Alpha is as follows:

Equity holders	Percentage of shareholding
Tianjin Huyanglin	47.9437%
The Company	30.2653%
Purchaser	8.4261%
Other equity holders	<u>13.3649%</u>
 Total	 <u><u>100%</u></u>

The following table sets out the audited results of Tianjin Alpha for the two financial years ended 31 December 2020 and its contribution to the Group.

	For the year ended 31 December 2020	For the year ended 31 December 2019
	(audited)	(audited)
	<i>RMB</i>	<i>RMB</i>
Turnover	74,650,200	77,877,471
Loss from continuing operations	(6,389,411)	(14,577,601)
The Group's share of loss for the year	(1,934,074)	(4,343,382)

As at 31 December 2020, the Group accounted for its interest in Tianjin Alpha by using the equity method of accounting in accordance with Hong Kong Financial Reporting Standards. Tianjin Alpha is classified as “interest in associates” in the financial statements of the Company with a carrying value of RMB3,947,848.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND INTENDED USE OF PROCEEDS

Tianjin Alpha has been in a loss-making position since 2014 and the Board believes that the Disposal represents a good opportunity for the Company to realise its investment in Tianjin Alpha given the uncertainty in the future prospects of Tianjin Alpha. Moreover, taking the proceeds from the Disposal into consideration, the Company will be able to reallocate its resources to other existing operations, so as to generate better returns for its Shareholders and further enhance the cash flow of the Group. The management of the Company can also focus its efforts on the biological compound fertiliser business and elderly care business of the Group.

Having considered the aforementioned, the Directors consider that the terms and conditions of the Agreement are based on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company intends to use the above proceeds from the equity transfer as the general working capital of the Group.

Financial impact

The Group is expected to record a gain of RMB6,912,152 (approximately HK\$8.46 million) from the Disposal, being the difference between (i) the consideration of RMB10,860,000 for the Sales Shares under the Disposal; and (ii) the audited carrying amount of the interest in Tianjin Alpha of RMB3,947,848 as at 31 December 2020.

INFORMATION OF THE GROUP

The Group is principally engaged in the biological compound fertiliser business and the elderly care and health care business before the completion of the Disposal.

IMPLICATIONS UNDER THE GEM LISTING RULES

As the highest applicable percentage ratio as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal exceeds 5% but is less than 25%, the Disposal therefore constitutes a discloseable transaction of the Company and are subject to the reporting and disclosure requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings:

“Tianjin Alpha”	Tianjin Alpha Healthcare Products Co., Ltd.
“Tianjin Huyanglin”	Tianjin Huyanglin Network Technology Co., Ltd. * (天津胡楊林網絡科技有限公司)
“Equity Transfer Agreement”	the equity transfer agreement dated 28 December 2021 entered into between the Company and the Purchaser
“Equity Pledge Agreements”	the equity pledge agreement 1 dated 28 December 2021 entered into between the Company and Tianjin Huyanglin and the equity pledge agreement 2 dated 28 December 2021 entered into between the Company and the Purchaser
“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 shares of which are listed on GEM of the Stock Exchange
“Total Consideration”	RMB10,860,000
“Director(s)”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Independent Third Party(ies)”	a third party independent of the Company and the connected person (as defined in the GEM Listing Rules) of the Company
“Disposal”	The disposal of sale shares to the Purchaser by the Seller pursuant to the terms and conditions of the Equity Transfer Agreement

“PRC”	the People’s Republic of China, which for the sole purpose of this announcement, shall exclude Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	RMB, the lawful currency of the PRC
“HK\$” or “HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Tianjin TEDA Biomedical Engineering Company Limited
Sun Li
Chairman

Tianjin, the PRC
28 December 2021

As at the date of this announcement, the executive directors of the Company are Ms. Sun Li, Mr. Hao Zhihui and Mr. He Xin respectively; the non-executive directors of the Company are Mr. Cao Aixin, Dr. Li Ximing and Ms. Li Xueying respectively; the independent non-executive directors of the Company are Mr. Li Xudong, Mr. Wang Yongkang and Ms. Gao Chun respectively.

This announcement, for which the directors are willing to 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 of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that the information contained in this announcement is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

The announcement will remain at the “Latest Company Announcements” page on the GEM website at www.hkgem.com for at least seven (7) days from the date of its posting, and it will also be published and remain on the website of the Company at www.bioteda.com.