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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)

SETTLEMENT AGREEMENT IN RELATION TO THE ACQUISITION OF SHAREHOLDING INTEREST IN SJKGC SUPPLEMENTAL ANNOUNCEMENT

References are made to the announcements of Tianjin TEDA Biomedical Engineering Company Limited (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. References are also made to the announcements of the Company dated 7 January 2021 and 26 March 2021, 21 April 2021, 18 June 2021, 30 June 2021 and 1 August 2023 and the circular (the “**Circular**”) of the Company dated 26 July 2021 in relation to, among other things, (i) an update of the arbitration proceedings between the Company and SJK; (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; and (iii) the Final Settlement Agreement. Capitalized terms used herein shall have the same meanings as those defined in the Circular unless the context requires otherwise.

The Company hereby provides further information in relation to the background of the Final Settlement Agreement as set out below:

1. The actual profit/(loss) of SJKGC in each of the years ended 31 December 2017, 2018, 2019, 2020, 2021 and 2022 is RMB19,013,073, RMB2,097,998, RMB2,844,759, RMB(1,153), RMB(49,384), RMB(142,000) respectively.

2. Under Mechanism 3, SJKGC undertakes to pay the Company an aggregate of US\$8,250,000 as Minimum Guaranteed Cash Dividends for three years during the extended guaranteed period and return of certain amount of the Consideration Shares in case of any shortfall. The Company received (i) cash dividends of US\$2,750,000 (equivalent to HK\$21,440,925) on 15 December 2019 for the financial year ended 2017; and (ii) US\$305,000 and US\$411,000 (equivalent to a total of HK\$5,582,437) on 21 January 2020 for the financial years ended 2018 and 2019 respectively from SJKGC and SJK. Save as aforesaid, the Company has not received any other payment from SJKGC or SJK due to poor performance of SJKGC during the Covid years. As the Minimum Guaranteed Cash Dividends for three years is US\$8,250,000, the shortfall amount of the Profit Guarantee during the extended guaranteed period is an aggregate of US\$4,784,000.00 (equivalent to a total of HK\$37,299,412).

3. According to the Agreements, in case of shortfall of the Minimum Guaranteed Cash Dividends, the return of Consideration Shares shall be valued and transferred at HK\$1.6 per share (regardless of the subsequent market share price movement) which is equivalent to the issue price when such Consideration Shares were allotted and issued to SJK at the time of the Acquisition. With reference to the exchange rate as at 30 December 2022 announced by China Foreign Exchange Trading Center, the shortfall amount of the Profit Guarantee during the extended guaranteed period with an aggregate amount of US\$4,784,000.00 is equivalent to a total of HK\$37,299,412, thus a total of 23,312,133 Shares (the “**Compensation Shares**”) shall be returned to the Company. The ultimate aim of the mechanism for the return of Consideration Shares under the Agreements is to obtain compensation by realizing such Shares, but not to cancel the Shares, as such, the terms of the Final Settlement Agreement in relation to the sale of the Compensation Shares are in line with the terms of the Agreements and supplement the mechanism of the Agreements. As the number of Compensation Shares are calculated with reference to HK\$1.6 as agreed under the Agreements and the share market price has significantly decreased since the fourth quarter of 2022 due to various reasons including countrywide economic condition and poor business performance of the Company during COVID, the value of the Compensation Shares has significantly depreciated and are far less than US\$4,784,000.00. The average closing price of the Shares for the five trading days prior to the Final Settlement Agreement is HK\$0.065 (equivalent to RMB0.0594), thus the market value of the Compensation Shares is RMB1,384,740.00. As the Company is to receive RMB1,394,974.73 after selling the Compensation Shares on off market under the Final Settlement Agreement, the terms of the Final Settlement Agreement actually make the Company better off.

4. If the said Compensation Shares are to be returned to the Company, the Company will not receive any additional compensation and need to cancel the said Shares which involves substantial legal costs, times and lengthy procedure of obtaining approval from the China Securities Regulatory Commission and other governmental authorities under the PRC laws and regulations. Therefore, the Directors (including the INEDs) are of the view that agreeing with SJK to sell the Compensation Shares is the most effective and economical way of resolving the dispute with SJK and for the best interest of the Company. In considering the significant adverse impact of the three years COVID on the business of SJKGC, the fulfillment of the ultimate aim of the compensation system set out in the Agreements and the heavy costs involved in relation to cancellation of the Compensation Shares, the Directors (including the INEDs) are also of the view that the terms of the Final Settlement Agreement are fair, reasonable, and in the best interests of the Company and its shareholders as a whole.

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

Tianjin, the PRC
12 September 2023

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

This announcement, for which the directors are willing to collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief 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.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for 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.