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DISCLOSEABLE TRANSACTION IN RELATION TO THE MAIN CONTRACT FOR THE NEW R&D AND PRODUCTION BASE

The Board is pleased to announce that, on 13 June 2019, Tianda Pharmaceuticals (Zhuhai), a wholly owned subsidiary of the Company, entered into the Main Contract with the Main Contractor pursuant to which the Main Contractor has agreed to undertake the Construction Works relating to the construction of the New R&D and Production Base in Jinwan District, Zhuhai, the PRC at the Contract Sum of approximately RMB106.6 million (equivalent to approximately HK\$121.0 million).

As the Contract Sum payable by the Group in respect of the transaction contemplated under the Main Contract exceeds 5% but less than 25% of the applicable percentage ratios, the transaction contemplated under the Main Contract constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

MAIN CONTRACT

Date

13 June 2019

Parties

1. Tianda Pharmaceuticals (Zhuhai)
2. Main Contractor

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, the Main Contractor is principally engaged in the provision of construction services in the PRC and is a third party independent from the Company and its connected persons (as defined in the Listing Rules).

Scope of Construction Works

The Group possesses a land parcel in Sanzao Medicine Park in Jinwan District, Zhuhai City, Guangdong Province, the PRC with total land area of approximately 96,000 square metres. The land parcel is planned to build a New R&D and Production Base in two phases. Pursuant to the Main Contract, the Main Contractor will be

responsible for the phase 1 construction of the New R&D and Production Base with site area and gross floor area of approximately 52,000 square metres. The scope of Construction Works mainly includes: (1) Foundation and main building structure and masonry structure engineering; (2) Lightning protection engineering, wastewater lifting tank, roofing engineering, waterproof engineering; (3) Reservation and plugging of equipment installation holes, equipment foundation pit tunnel civil engineering pre-buried and closed; and (4) the general contracting management for some fine decoration projects confirmed by both the contracting parties.

Contract Sum and Payment Terms

The total contract sum under the Main Contract is approximately RMB106.6 million (equivalent to approximately HK\$121.0 million). The Contract Sum shall be paid by installments according to the progress of the Construction Works. No advance payment is required.

Construction Completion

The expected completion date of the Construction Works is 15 November 2019.

REASONS FOR AND BENEFIT OF THE CONSTRUCTION OF THE NEW R&D AND PRODUCTION BASE

The Group is primarily engaged in the research and development, manufacture and sales of pharmaceutical, biotechnology and healthcare products and wholesale of Chinese herbal medicine, traditional Chinese medicine decoction pieces and Chinese medicines.

According to the 2018 Annual Report, the Group proposes to relocate its existing R&D and production base to a land parcel in Sanzao Medicine Park in Jinwan District, Zhuhai City, Guangdong Province, the PRC, which was purchased in late 2015 with total land area of approximately 96,000 square metres. The relocation is in accordance with the Group's five-year R&D plan to evolve the Group from a pharmaceutical manufacturer of generic drugs to a comprehensive medic-pharmaceuticals enterprise. The New R&D and Production Base was planned to be constructed in two phases. The first phase covers the construction of ancillary facilities for various existing pharmaceutical products of Tianda Pharmaceuticals (Zhuhai) and newly-developed traditional Chinese medicine ("TCM") decoction pieces and TCM preparation operations and ancillary facilities required for R&D. The first phase with site area and gross floor area of approximately 52,000 square metres is expected to be completed by the end of 2019 and will commence formal operation in mid-2020.

The Directors (including the independent non-executive Directors) consider that the terms of the Main Contract are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE MAIN CONTRACT ON THE GROUP

The Contract Sum of the Main Contract will be funded by the Group's internal resources and available bank facilities. The transaction contemplated under the Main Contract is not expected to have any immediate material effect on the total assets, earnings and liabilities of the Group.

INFORMATION OF THE GROUP AND THE CONTRACTING PARTIES

The Group is primarily engaged in the research and development, manufacture and sales of pharmaceutical, biotechnology and healthcare products and wholesale of Chinese herbal medicine, traditional Chinese medicine decoction pieces and Chinese medicines.

Tianda Pharmaceuticals (Zhuhai) is a Taiwan, Hong Kong and Macau sole proprietorship owned enterprise established under the law of the PRC with limited liability, which is a wholly-owned subsidiary of the Company.

The Main Contractor is a limited liability company established in the PRC and engaged in the provision of construction services in the PRC. It is one of the largest scale construction companies in Jiangmen City, the PRC.

LISTING RULES IMPLICATIONS

As the Contract Sum payable by the Group in respect of the transaction contemplated under the Main Contract exceeds 5% but less than 25% of the applicable percentage ratios, the transaction contemplated under the Main Contract constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Tianda Pharmaceuticals Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00455);
“Construction Works”	the construction works for the phase 1 construction of the New R&D and Production Base with the site area and gross floor area of approximately 52,000 square metres;
“Contract Sum”	RMB106.6 million (equivalent to approximately HK\$121.0 million), being the contract price payable to the Main Contractor under the Main Contract;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Main Contract”	the main contract for the provision of the Construction Works entered into between Tianda Pharmaceuticals (Zhuhai) and the Main Contractor;
“Main Contractor”	Guangdong Jinhuihua Group Co., Ltd.* (廣東金輝華集團有限公司)
“New R&D and Production Base”	the new R&D and pharmaceutical production base in Jinwan District, Zhuhai, the PRC, which is under construction as at the date of this announcement;
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;

“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the ordinary share(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tianda Pharmaceuticals (Zhuhai)”	Tianda Pharmaceuticals (Zhuhai) Limited* (天大藥業(珠海)有限公司), a Taiwan, Hong Kong and Macau sole proprietorship owned enterprise established under the law of the PRC with limited liability, which is a wholly-owned subsidiary of the Company;
“%”	per cent.

**For identification purposes only*

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.135 : RMB1.00. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

By order of the Board
Tianda Pharmaceuticals Limited
FANG Wen Quan
Chairman and Managing Director

Hong Kong, 13 June 2019

As at the date of this announcement, the executive Directors are Mr. FANG Wen Quan (Chairman and Managing Director) and Mr. LUI Man Sang; the non-executive Directors are Mr. SHEN Bo, Mr. FENG Quanming and Dr. LAM Lee G.; and the independent non-executive Directors are Mr. LAM Yat Fai, Mr. CHIU Sung Hong and Mr. CHIU Fan Wa.