
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all or transferred all your shares in **Tianda Pharmaceuticals Limited**, you should at once hand this circular and the accompanying form of proxy to the purchaser or to the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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PROPOSALS INVOLVING GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES RE-ELECTION OF RETIRING DIRECTORS; PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME; PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of Tianda Pharmaceuticals Limited (the "Company") to be held at Suites 2405-2410, 24th Floor, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong on Friday, 28 August 2020 at 10:30 a.m. (the "AGM") is set out on pages 24 to 28 of this circular. Whether or not you intend to attend the AGM, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the head office and principal place of business of the Company at Suites 2405-2410, 24th Floor, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not prevent shareholders of the Company from attending and voting at the meeting if they so wish.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Please refer to page 29 of this circular for measures being taken to try to prevent and control the spread of the coronavirus disease 2019 (COVID-19) at the AGM, including, without limitation:

- (1) **compulsory body temperature checks**
- (2) **compulsory wearing of a surgical face mask**
- (3) **no refreshment to be served**

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. Shareholders are recommended to appoint the chairman of the AGM as their proxy to vote on the relevant resolution(s) instead of attending the AGM in person.

DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“2010 Share Option Scheme”	the share option scheme adopted by the Company on 13 July 2010
“acting in concert”	has the meanings ascribed to it in the Takeovers Code
“Adoption Date”	means 28 August 2020, the expected date on which the New Share Option Scheme is approved by the Shareholders and conditionally adopted by the Company at the AGM
“AGM” or “Annual General Meeting”	The AGM of the Company to be held on Friday, 28 August 2020 at 10:30 a.m., notice of which is set out on pages 24 to 28 of this circular
“AGM Notice”	the notice dated 29 July 2020 convening the AGM
“Articles of Association”	the articles of association of the Company for the time being, and “Article” shall mean an article thereof
“Board”	the board of directors of the Company or a duly authorised committee thereof for the time being
“Companies Law”	the Companies Law, Chapter 22 (Law 3 of 1961), as consolidated and revised, of the Cayman Islands
“Company”	Tianda Pharmaceuticals Limited 天大藥業有限公司, an exempted company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Hong Kong Stock Exchange
“Date of Grant”	in respect of an Option, subject to the New Share Option Scheme, the date on which the Board resolves to make an Offer of that Option to a Participant, which date must be a business day
“Director(s)”	the director(s) of the Company
“Exercise Price”	means the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option and shall be stated in the letter containing the offer of the grant of any Option
“Grantee”	means any Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	22 July 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting
“Offer”	means an offer for grant of Option
“Option”	means an option to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Period”	in respect of any particular Option, such period as the Board may in its absolute discretion determine, save that such period shall not be more than ten (10) years from the date upon which the Option is deemed to be granted and accepted in accordance with the New Share Option Scheme and that the Board may at its discretion determine the minimum period for which the Option has to be held before the exercise of the Option
“Participant(s)”	any Directors (including executive Directors, non-executive Directors and independent non-executive Directors, where applicable) and employees of any member of the Group
“Repurchase Proposal”	the proposal to give a general mandate to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of the passing of the Repurchase Resolution
“Repurchase Resolution”	the proposed ordinary resolution as referred to in item 5 of the AGM Notice
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	holder(s) of Share(s)
“Share Repurchase Rules”	the relevant rules set out in the Listing Rules to regulate the repurchase by companies with primary listing on the Hong Kong Stock Exchange of their own securities on the Hong Kong Stock Exchange
“Special Resolution”	the proposed special resolution as referred to in item 9 of the AGM notice
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers and Share Buy-backs
“%”	per cent.

LETTER FROM THE BOARD



Directors:

Executive Directors:

Fang Wen Quan (*Chairman and Managing Director*)

Lui Man Sang

Non-executive Directors:

Shen Bo

Feng Quanming

Lam Lee G.

Independent non-executive Directors:

Lam Yat Fai

Chiu Sung Hong

Chiu Fan Wa

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1 – 1111

Cayman Island

Head office and principal

place of business:

Suites 2405-2410, 24th Floor

CITIC Tower

No. 1 Tim Mei Avenue

Central

Hong Kong

Hong Kong, 29 July 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSALS INVOLVING
GENERAL MANDATES TO REPURCHASE SHARES AND TO ISSUE SHARES
RE-ELECTION OF RETIRING DIRECTORS;
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION; AND
NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

At an annual general meeting of the Company held on 28 August 2019, resolutions were passed by Shareholders, amongst other things, to give general unconditional mandates to the Directors to exercise the powers of the Company to:

- (i) to repurchase Shares up to a maximum of 10% of the number of the issued Shares as at the date of passing of such resolution;
- (ii) allot, issue and otherwise deal with Shares not exceeding 20% of the number of the issued Shares as at the date of passing of such resolution; and

LETTER FROM THE BOARD

- (iii) extend the general mandates for issuing Shares as mentioned in paragraph (ii) above by the number of the issued Shares repurchased by the Company under the general mandate granted to the Directors to repurchase Shares as mentioned in paragraph (i) above.

The above general mandates will lapse at the conclusion of the AGM. It is therefore proposed to seek your approval of the ordinary resolutions at the AGM to grant fresh general mandates to the Directors.

The purpose of this circular is to provide you with information regarding the proposed general mandates to allot, issue and deal with Shares and to repurchase Shares, re-election of retiring Directors, the proposed adoption of New Share Option Scheme and the proposed amendments to the Articles of Association and to seek your approval of the resolutions relating to these matters at the AGM.

2. GENERAL MANDATE TO REPURCHASE SHARES

The Directors propose to seek your approval of the Repurchase Resolution to be proposed at the AGM. The Shares which may be repurchased by the Company pursuant to the Repurchase Resolution shall not exceed 10% of the number of issued Shares as at the date of passing the Repurchase Resolution. An explanatory statement as required under the Share Repurchase Rules to provide the requisite information of the Repurchase Proposal is set out in Appendix I to this circular.

3. GENERAL MANDATE TO ISSUE NEW SHARES

Two ordinary resolutions will also be proposed at the AGM, namely an ordinary resolution granting to the Directors a general mandate to allot, issue and deal with Shares not exceeding 20% of the number of issued Shares as at the date of passing the resolution and another ordinary resolution adding to such general mandate so granted to the Directors any Shares representing the number of the Shares repurchased by the Company after the granting of the general mandate to repurchase Shares up to 10% of the number of issued Shares as at the date of the passing of the Repurchase Resolution.

Subject to the passing of the ordinary resolution granting the general mandate to issue new Shares and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under such general mandate to issue a maximum of 430,008,376 Shares representing 20% of the number of issued Shares as at the Latest Practicable Date.

4. RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of eight Directors, namely Mr. Fang Wen Quan (Chairman and Managing Director), Mr. Lui Man Sang, Mr. Shen Bo, Mr. Feng Quanming, Dr. Lam Lee G., Mr. Lam Yat Fai, Mr. Chiu Sung Hong and Mr. Chiu Fan Wa.

In accordance with the Articles of Association, Mr. Fang Wen Quan, Mr. Lui Man Sang, and Mr. Chiu Sung Hong, being the Directors longest in office since their last re-election, will retire by rotation at the AGM.

LETTER FROM THE BOARD

Code Provision A.4.3 of the Corporate Governance Code contained in Appendix 14 of the Listing Rules states that (a) having served the Company for more than 9 years could be relevant to the determination of an independent non-executive Director's independence and (b) if an independent non-executive Director serves for more than 9 years, his further appointment should be subject to a separate resolution to be approved by Shareholders. Mr. Chiu Sung Hong was appointed and has served as an independent non-executive director of the Company for more than 9 years and is therefore subject to be re-election by a separate resolution at the forthcoming AGM.

The nomination committee of the Company has assessed and reviewed the annual confirmation of independence of Mr. Chiu Sung Hong based on the independence criteria set out in Rule 13.13 of the Listing Rules, and considered that he remains independence. Even though Mr. Chiu Sung Hong has served as an independent non-executive Director for more than 9 years, the Board is of the view that his duration of service will not interfere with his exercise of independent judgement in carrying out the duties and responsibilities as an independent non-executive Director. The Board considers him to be independent and believes he will continue to contribute to the Board because of his familiarity and experience with the Company's business and affairs. Accordingly, Mr. Chiu Sung Hong will retire from office and, be eligible, will offer himself for re-election. All other retiring Directors will also offer themselves for re-election. Separate ordinary resolution will be proposed at the AGM to re-elect each of the retiring Directors.

Details of the retiring Directors subject to re-election at the AGM are set out in Appendix II of this circular.

5. PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

The 2010 Share Option Scheme had a term of 10 years and had expired on 12 July 2020. In view of the expiry of the 2010 Share Option Scheme, the Board proposes to recommend to the Shareholders to approve the adoption of the New Share Option Scheme. The New Share Option Scheme will become effective after all the conditions precedent as referred to under the paragraph headed "Conditions precedent of the New Share Option Scheme" below have been fulfilled.

As at the Latest Practicable Date, no option had ever been granted under the 2010 Share Option scheme since its adoption. There were no other share option schemes put in place by the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, there were a total of 2,150,041,884 Shares in issue. Assuming that there is no change in the total number of Shares in issue between the period from the Latest Practicable Date up to the Adoption Date, the maximum number of Shares which may be issued pursuant to the New Share Option Scheme and any other schemes (if any) will be 215,004,188 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date. The Company may seek approval by its Shareholders to renew the 10% limit on the basis that the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company shall not exceed 30% of the total number of Shares in issue from time to time.

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Conditions Precedent of the New Share Option Scheme

The New Share Option Scheme shall take effect subject to the following conditions:

- (a) the passing of an ordinary resolution to approve the adoption of the New Share Option Scheme by the Shareholders in general meeting and authorising the Directors to grant Options to subscribe for Shares hereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, any Shares to be issued and allotted pursuant to the exercise of Options granted under the New Share Option Scheme.

An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

Once the New Share Option Scheme is adopted, any alterations to the terms and conditions thereof, which are of material nature, must be approved by the Shareholders, except where the alterations take effect automatically pursuant to the terms originally provided in the New Share Option Scheme.

Purpose of the New Share Option Scheme

The purpose of the New Share Option Scheme is to enable the Company to recognise the future and/or past contributions of the Participants to the Company, and to attract and retain such important Participants and/or to maintain a continuing relationship with Participants who have contributed to the result, growth, success and benefit of the Group, and in relation to administrative staff, to recruit and retain experienced and talented individuals and/or to reward their past contributions.

Under the rules of the New Share Option Scheme, the Board has discretion to set a minimum period for which an Option has to be held before it can be exercised. Such discretion allows the Board to provide incentives to Grantees to remain employed with the Group during the minimum period and thereby enabling the Group to benefit from the continued services of such Grantees during such period. This discretion, coupled with the power of the Board to impose any performance target as it considers appropriate before any Option can be exercised, enables the Group to incentivise the Grantees. Subject to the Listing Rules, the Board also has discretion in determining the Exercise Price in respect of any Option. The Directors are of the view that the flexibility given to the Board in granting Options to the Grantees and in particular, imposing minimum holding period and performance targets before an Option can be exercised, and the discretion given to the Board in determining the Exercise Price will place the Group in a better position to attract and retain valuable human resources. This serves the purpose of the New Share Option Scheme.

The Board is entitled to determine the eligibility of the Participants and when a potential Participant is identified, the Board will carefully consider relevant factors including his/her/its proven past contribution or potential contribution to the Group in making the decision to grant any Option. Furthermore, the Board may impose appropriate conditions such as performance conditions, minimum period that an Option must be held before an Option can be exercised and the exercise price on a case by case basis. Accordingly, it is expected that grantees of an Option will be committed to contributing to the development of the Group which will likely increase the market price of the Shares in order to capitalise on the benefits of the Options granted and this in turn benefits the Company and its Shareholders as a whole.

Subject to the terms of the New Share Option Scheme, the Board shall be entitled at any time within 10 years after the Adoption Date to offer the grant of an Option to any Participant as the Board may in its absolute discretion select to subscribe at the Subscription Price for such number of Shares as the Board may (subject to the terms of the New Share Option Scheme) determine.

LETTER FROM THE BOARD

Subject to the provisions of the Listing Rules, the Board may in its absolute discretion:

- (i) when offering the grant of an Option impose any conditions, restrictions or limitations in relation thereto in addition to those set forth in the New Share Option Scheme as the Board may think fit (to be stated in the letter containing the offer of the grant of the Option) including (without prejudice to the generality of the foregoing) qualifying and/or continuing eligibility criteria, conditions, restrictions or limitations relating to the achievement of performance, operating or financial targets by the Company and/or the Grantee, the satisfactory performance or maintenance by the Grantee of certain conditions or obligations or the time or period before the right to exercise the Option in respect of any of the Option Shares shall vest; and
- (ii) at any time after the grant of an Option waive or amend such conditions, restrictions or limitations to the advantage of the Grantee, provided that such terms or conditions shall not be inconsistent with any other terms or conditions of the New Share Option Scheme. For the avoidance of doubt, subject to such terms and conditions as the Board may determine as aforesaid (including such terms and conditions in relation to their vesting, exercise or otherwise) there is no minimum period for which an Option must be held before it can be exercised and no performance target which need to be achieved by the Grantee before the Option can be exercised.

The Board believes that the inclusion of the employees and/or directors of the Group as Participants are appropriate because the New Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part time) and directors of the Group and to promote the success of the business of the Group. By offering Options to the Participants, their interests are aligned with the long-term development of the Group as they may also enjoy any potential upside from increasing value of the Group. The New Share Option Scheme motivates employees and directors to stay in the Group and strive for the benefit of the Group as well as themselves.

Value of the Options

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date will not be meaningful to the Shareholders and to certain extent would be misleading to the Shareholders, taking into account the number of variables which are crucial for the calculation of the value of the Options have not been determined. Such variables include the Exercise Price, Option Period, any performance targets set and other relevant variables.

Interest of Directors

None of the Directors is a trustee of the New Share Option Scheme or has any direct or indirect interest in the trustees (if any) of the New Share Option Scheme.

An ordinary resolution will be proposed to consider and, if thought fit, approve the adoption of the New Share Option Scheme and grant the general authority to the Directors to grant Options under the New Share Option Scheme for the subscription of Shares representing up to 10% of the issued share capital of the Company as at the AGM.

LETTER FROM THE BOARD

6. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company was incorporated in the Cayman Islands. According to Article 57 of the Articles of Association, any two or more members holding in aggregate no less than 25% of the paid up capital of the Company may request the Company to convene an extraordinary general meeting by depositing a written requisition with the Company in accordance with certain prescribed procedures. Under the Listing Rules and relevant regulations in relation to proceeding at general meetings, it is required that member(s) holding a minority stake in an overseas company must be allowed to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum level of members' support required to convene a general meeting must be no higher than 10%.

According to the said Article 57 of the Articles of Association, the minimum level of members' support required to convene a general meeting is 25%. This deviates from the Listing Rules and relevant regulation. In light of the above, the Company proposes to seek your approval of the Special Resolution to amend the said Article 57 of the Articles of Association by deleting the words "any 2 or more members holding at the date of the deposit of the requisition in aggregate not less than 25 per cent of such of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company" and replacing with the words "any member or members holding at the date of the deposit of the requisition in aggregate not less than 10 per cent of such of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company".

7. AGM

On pages 24 to 28 of this circular, you will find the AGM Notice at which, among other things, the following resolutions will be proposed:

- an ordinary resolution to grant to the Directors a general mandate to exercise all powers of the Company to repurchase Shares representing up to 10% of the number of issued Shares as at the date of the passing of the Repurchase Resolution;
- an ordinary resolution to grant to the Directors a general mandate to authorise the Directors to issue, allot and deal with Shares representing up to 20% of the number of issued Shares as at the date of the passing of such resolution;
- an ordinary resolution to extend the general mandate which will be granted to the Directors to issue, allot and deal with additional Shares by adding to it the number of Shares repurchased under the Repurchase Proposal after the granting of the general mandate;
- an ordinary resolution to adopt the New Share Option Scheme; and
- the Special Resolution to approve the amendments to the Articles of Association.

8. ACTIONS TO BE TAKEN

A proxy form for use at the AGM is enclosed herewith. Whether or not you intend to attend the AGM, you are requested to complete the proxy form and return it to the head office and principal place of business of the Company at Suites 2405-2410, 24th Floor, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not prevent the Shareholders from attending and voting at the AGM if they so wish.

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9. VOTING BY WAY OF POLL

Pursuant to rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the AGM will be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the manner prescribed under rule 13.39(5) of the Listing Rules.

10. RECOMMENDATION

The Directors are pleased to recommend the retiring Directors, details of whom are set out in Appendix II of this circular, for re-election at the AGM. The Directors believe that the Repurchase Proposal, the general mandate for Directors to issue new Shares, the extension of the general mandate to issue Shares, the adoption of New Share Option Scheme and the amendments to the Articles of Association are all in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolutions to be proposed at the AGM.

11. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

12. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the New Share Option Scheme and the Articles of Association will be available for inspection during 10:00 a.m. to 5:00 p.m. (other than on Saturdays, Sundays and public holidays) at the Company's principal place of business in Hong Kong at Suites 2405-2410 24th Floor, CITIC Tower, No.1 Tim Mei Avenue, Central, Hong Kong from the date of this circular up to and including the date of the AGM.

Yours faithfully,
For and on behalf of
Tianda Pharmaceuticals Limited
Fang Wen Quan
Chairman and Managing Director

This appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide requisite information to you for your consideration of the Repurchase Proposal.

1. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,150,041,884 Shares.

Subject to the passing of the Repurchase Resolution and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Proposal to repurchase a maximum of 215,004,188 Shares representing 10% of the number of issued Shares as at the Latest Practicable Date.

2. REASONS FOR REPURCHASE

The Directors believe that the Repurchase Proposal is in the best interest of the Company and its Shareholders. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net assets value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The law of Cayman Islands provides that any repurchase by the Company may be made out of the profits of the Company or out of a fresh issue of shares made for the purpose of the repurchase or, if authorised by its Articles of Association and subject to the Companies Law, out of capital and, in case of any premium payable on the repurchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company, or if authorised by its Articles of Association and subject to the Companies Law, out of capital.

There might be an adverse impact on the working capital or gearing position of the Company as compared with the position disclosed in the audited consolidated financial statements contained in the annual report of the Company for the year ended 31 March 2020 in the event that the Repurchase Proposal was to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Proposal to such extent as would, in the circumstance, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have traded on the Hong Kong Stock Exchange during each of the previous 12 months before the Latest Practicable Date are as follows:

	Price per Share	
	Highest HK\$	Lowest HK\$
2019		
July	0.226	0.190
August	0.212	0.176
September	0.203	0.172
October	0.205	0.178
November	0.204	0.161
December	0.180	0.156
2020		
January	0.380	0.147
February	0.265	0.174
March	0.193	0.158
April	0.169	0.135
May	0.170	0.131
June	0.152	0.132
July (up to the Latest Practicable Date)	0.195	0.118

5. UNDERTAKING

The Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Proposal and in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates, have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Proposal if such is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Proposal is approved by the Shareholders.

6. EFFECTS OF TAKEOVERS CODE

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Proposal, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the issued share capital of the Company comprised 2,150,041,884 Shares and Tianda Group Limited, Hongta Tobacco (Group) Limited and SIIC Medical Science and Technology (Group) Limited held respectively 1,194,971,370 Shares, 207,616,264 Shares and 280,517,724 shares, representing approximately 55.58%, 9.66% and 13.05% of the issued share capital of the Company. In the event that the Repurchase Proposal is exercised in full (if their shareholdings in the Company and the capital structure of the Company otherwise remained the same), their shareholding percentage in the issued capital of the Company will be increased respectively to approximately 61.75%, 10.73% and 14.50%.

The Directors believe that such an increase would not give rise to an obligation to make a mandatory offer under the Takeover Code. The Directors have no present intention to repurchase Shares which would result in the number of Shares held by the public being reduced to less than 25%.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any of its Shares (whether on the Hong Kong Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

The following are the particulars of the retiring Directors subject to re-election at the AGM:

- (a) **Mr. FANG Wen Quan** (“Mr. Fang”), aged 51, was appointed as an executive Director since 6 October 2003. He is currently the Chairman, the Managing Director, the chairman of the nomination committee and a member of the remuneration committee and the risk management committee of the Company, and a director of the Group’s certain subsidiaries. Mr. Fang is the founder, chairman and beneficial owner of Tianda Group Limited (the controlling shareholder of the Company holding 1,194,971,370 Shares). Mr. Fang is the existing chairman of the board of directors, general manager and authorised representative of Tianda Culture Holdings (China) Limited* (listed on the National Equities Exchange and Quotations Systems, company code: 837889). Mr. Fang studied International Relations in the University of Sydney and Tsinghua University. He has ample experience in corporate strategy and management. He established a non-profit strategic studies think tank named “Tianda Institute”. Upholding the mission of “Caring for a Better World”, Mr. Fang always shows his greater commitment to community services, including donations to the poverties, education and talent development, healthcare, scientific research and environmental protection, culture and arts.

Save as disclosed above, (i) Mr. Fang has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past 3 years; (ii) Mr. Fang does not hold other positions with the Company or any of its subsidiaries; (iii) Mr. Fang does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (iv) Save for the interest in shares held through Tianda Group Limited as disclosed as above, Mr. Fang does not have any interest in Shares within the meaning of Part XV of the SFO.

The Company has entered into an appointment letter with Mr. Fang for a term of 2 years until 31 March 2022 and subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. There is no agreement as to the Director’s fee payable to him. The current Director’s fee of Mr. Fang is HK\$60,000 per annum which was determined by reference to his duties and responsibilities with the Company and the prevailing market conditions.

- (b) **Mr. LUI Man Sang** (“Mr. Lui”), aged 56, was appointed as an executive Director of the Company on 30 September 2013 and is a director of the Group’s certain subsidiaries. Mr. Lui joined Tianda Group Limited, the controlling shareholder of the Company in 2007 and is the deputy general manager of Tianda Group. He is responsible for the financial issues of Tianda Group Limited and the Company. Mr. Lui is a director of Tianda Culture Holdings (China) Limited* (listed on the National Equities Exchange and Quotations, company code: 837889). Mr. Lui possesses enriched financial management experience covering a variety of industries including auditing in one of the big four accounting firms in Hong Kong and overseeing the finance department of a Hong Kong listed company. He holds an Executive MBA granted by City University of Hong Kong. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

Save as disclosed above, (i) Mr. Lui has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past 3 years; (ii) Mr. Lui does not hold other positions with the Company or any of its subsidiaries; (iii) Mr. Lui does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (iv) Mr. Lui does not have any interest in Shares within the meaning of Part XV of the SFO.

Mr. Lui has entered into an appointment letter with the Company for a term of 2 years until 29 September 2021 and subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. There is no agreement as to the Director’s fee payable to him. The current Director’s fee of Mr. Lui is HK\$72,000 per annum which was determined by reference to his duties and responsibilities with the Company and the prevailing market conditions.

- (c) **Mr. CHIU Sung Hong** ("Mr. Chiu"), aged 73, was appointed as an independent non-executive Director, the chairman of the audit committee of the Company with effect from 10 April 2008. Mr. Chiu ceased to act as the chairman of the audit committee and remained as a member of the committee on 26 November 2013. Mr. Chiu was appointed as the chairman of risk management committee on 22 July 2009. On 1 April 2012, he was appointed as the chairman of the remuneration committee and a member of the nomination committee. He received an LL.B. degree from the University of Sydney. He is admitted as a solicitor of the Supreme Court of New South Wales and the High Court of Australia. He has over 40 years of experience in legal practice. Mr. Chiu is the founding member of the Board of Trustees of the Australian Nursing Home Foundation and a senior research fellow of Centre for Law & Globalization of Renmin University of China. He also served as the General Secretary of Australian Chinese Community Association of New South Wales. Mr. Chiu is an independent non-executive director of CNOOC Limited (stock code: 0883), which is listed on the Main Board of the Hong Kong Stock Exchange and Bank of China (Australia) Limited.

Save as disclosed above, (i) Mr. Chiu has not held any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the past 3 years; (ii) Mr. Chiu does not hold other positions with the Company or any of its subsidiary; (iii) Mr. Chiu has given his written annual independence confirmation to the Company and the nomination committee had assessed and reviewed it based on the independence criteria as set out in Rule 3.13 of the Listing Rules. He does not have any relationship with any Directors, senior management, or substantial or controlling shareholders of the Company; (iv) Mr. Chiu does not have any interest in Shares within the meaning of Part XV of the SFO.

Mr. Chiu has entered into an appointment letter with the Company for a term of 2 years until 31 March 2022 and subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. There is no agreement as to the Director's fee payable to him. The current Director's fee of Mr. Chiu is HK\$72,000 per annum which was determined by reference to his duties and responsibilities with the Company and the prevailing market conditions.

In relation to the re-election of the above three retiring Directors, there is no information which is discloseable nor are/were they involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under paragraphs 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which needs to be brought to the attention of the Shareholders.

* For identification purpose only

The following is a summary of the principal terms of the New Share Option Scheme as required by the Listing Rules:

1. PURPOSE

The purpose of the New Share Option Scheme is to enable the Company to recognise the future and/or past contributions of the Participants to the Company, and to attract and retain such important Participants and/or to maintain a continuing relationship with Participants who have contributed to the result, growth, success and benefit of the Group, and in relation to administrative staff, to recruit and retain experienced and talented individuals and/or to reward their past contributions.

2. PARTICIPANTS

The Board may, at their absolute discretion, invite any Participants to participate in the New Share Option Scheme.

3. MAXIMUM NUMBER OF SHARES SUBJECT TO OPTIONS

- (i) The overall limit on the number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under this New Share Option Scheme and any other share options schemes of the Company at any time must not exceed 10% (the "Scheme Mandate Limit") of the Shares in issue at the Adoption Date unless the Company obtains further approval from the Shareholders in general meeting to refresh the Scheme Mandate Limit. Options lapse in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company under which such options are granted, as the case maybe, shall not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) The Company may seek approval of the Shareholders to refresh the Scheme Mandate Limit. However, the total number of Shares which may be issued upon the exercise of all options to be grander under the New Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10% of the Shares in issue as at the date of such Shareholders' approval. Options which have lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company shall not be counted for the purpose of calculating the Scheme Mandate Limit. The Company must send a circular containing the information required under Rule 17.02(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules to the Shareholders.
- (iii) The Company may seek separate approval from its Shareholders in general meetings to grant Options over and above the Scheme Mandate Limit provided that the Options in excess of the Scheme Mandate Limit are granted only to Participants specified by the Company before such approval is sought and for whom specific approval is obtained. The Company must issue a circular containing a generic description of the identified Participants, the number and terms of the Options to be granted, the purpose of granting the Options to the identified Participants, how those Options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules in connection with such a grant.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

- (iv) Notwithstanding any provisions to the contrary, the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme(s) of the Company shall not in aggregate exceed 30% of the Shares in issue from time to time. No option may be granted under the New Share Option Scheme and any other share option scheme(s) of the Company if such limit is exceeded.
- (v) Subject to paragraph (vi) below, the total number of Shares issued and to be issued to upon exercise of the options granted to each Participant under the New Share Option Scheme and any other share option scheme(s) of the Company (including exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue (the "Individual Limit").
- (vi) Any further grant of Options to a Participant which would result in the Shares issued and to be issued upon exercise of all Options granted and to be granted to such Participant (including Options exercised, cancelled and outstanding) in the 12-month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of the Shareholder in general meeting (with such Participant and his associates abstaining from voting). A circular shall be sent to the Shareholders disclosing the identity of such Participant, the number and terms of the Options granted and to be granted and all other information as required by Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules. The number and terms (including the Exercise Price) of the Options to be granted to such Participant shall be fixed before the Shareholders' approval is sought and the date of the Board meeting for proposing such further grant shall be the Date of Grant for the purpose of calculating the Exercise Price.
- (vii) Each grant of Options to any Director or chief executive of the Company under this New Share Option Scheme and any other share option scheme(s) of the Company shall be subject to prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed recipient of the grant of Options).
- (viii) Where any grant of Options to an independent non-executive Director of the Company would result in the number of the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:
 - a. representing in aggregate over 0.1% of the Shares in issue; and
 - b. having an aggregate value, based on the closing price of the Shares as stated in the daily quotation sheets issued by the Hong Kong Stock Exchange on the Date of Grant, in excess of HK\$5 million,

such further grant of Options shall be subject to prior approval by the Shareholders in general meeting.

The Company must send a circular to its shareholders containing the information required under Rule 17.04(3) of the Listing Rules. All connected persons of the Company must abstain from voting at the general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his or her intention to do so has been stated in the circular to be sent to the Shareholders. Any vote taken at the general meeting to approve the grant of such Options must be taken on a poll. The Company must comply with Rules 13.39(5), 13.40, 13.41 and 13.42 of the Listing Rules.

4. EXERCISE PERIOD

- (a) The period within which the Options may be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant Date of Grant.
- (b) In the event a Grantee ceases to be a Participant for any reason other than (i) his or her death or (ii) on one or more of the grounds of termination of employment or engagement, the Grantee shall have the right to exercise those Options then already vested in accordance with the terms of the New Share Option Scheme at any time prior to or on the date of cessation unless the Board otherwise determines, in which event the Option shall be exercisable to the extent and within such period as the Board may determine. The date of cessation of employment of a Grantee (being an employee and who may or may not be a director of any member of the Group) shall be the last actual working day on which the Grantee was physically at work with the relevant member of the Group, whether salary is paid in lieu of notice or not.
- (c) In the event the Grantee dies or becomes permanently disabled before exercising the Option in full and none of the events for termination of employment pursuant to the relevant employment contract agreement then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled to exercise the Option up to the entitlement of such Grantee as at the date of death within a period of 12 months from the date of death or permanent disability.
- (d) If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 4(f) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company at any time within such period as shall be notified by the Company.
- (e) If a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company.

- (f) In the event a notice is given by the Company to the Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee (or in the case of the death of the Grantee, his personal representatives(s)) may at any time within such period as shall be notified by the Company, subject to the provisions of all applicable laws, exercise the Option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than one day prior to the date of the proposed general meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such Option.

5. PERFORMANCE TARGETS

At the time of the grant of the Options, the Company may specify any performance target(s) which must be achieved before the Options can be exercised. The New Share Option Scheme does not contain any performance targets for the exercise of Options.

6. CONSIDERATION FOR ACCEPTANCE

The Participant must accept any such Offer notified to him or her within 30 days from the Offer Date, failing which it shall be deemed to have been rejected. Upon acceptance of the Offer, the Grantee shall pay HK\$1.00 to the Company as consideration for the grant.

7. EXERCISE PRICE

The Exercise Price shall be such price determined by the Board in its absolute discretion and notified to the Participant in the Offer and shall be no less than the higher of:

- (a) the closing price of a Share as stated in the daily quotations sheet issued by the Hong Kong Stock Exchange on the Date of Grant;
- (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Hong Kong Stock Exchange for the five business days immediately preceding the Date of Grant; and
- (c) the nominal value of a Share on the Date of Grant.

8. RIGHTS ALLOTTED TO THE SHARES

The Shares to be allotted and issued upon the exercise of an Option shall be identical to the then existing issued shares of the Company and subject to all the provisions of the memorandum and articles of association of the Company and the laws of the Cayman Islands for the time being in force and will rank *pari passu* with the other fully paid Shares in issue on the date the name of the Grantee is registered on the register of members of the Company or if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members, save that the Grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

9. TERM OF THE SCHEME

No Options may be granted under the New Share Option Scheme on or after the date of the tenth anniversary of the adoption of the New Share Option Scheme (the "Scheme Period").

10. LAPSE OF OPTIONS

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Scheme Period;
- (b) the expiry of any of the periods referred to in Paragraph 4(b) or (c);
- (c) the date on which the offer (or as the case may be, revised offer) referred to in paragraph 6 closes;
- (d) subject to Paragraph 4(f), the date of the commencement of the winding-up of the Company;
- (e) the date on which the Grantee ceases to be an Participant by reason of the termination of his or her employment on any one or more of the grounds that he or she has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his or her creditors generally;
- (f) the date when the proposed compromise or arrangement becomes effective;
- (g) the date on which the Grantee commits a breach of Paragraph 13;
- (h) any judgement, court order or demand against a Participant, or where the Board has reason to believe a Participant is unable to repay or will be unable to repay and has no reasonable prospects of repayment of its liabilities; or
- (i) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally.

11. ADJUSTMENTS

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction to which the Company is a party), such corresponding alterations (if any) shall be made in:

- (a) the maximum number of Shares to be issued under the New Share Option Scheme; and/or
- (b) the number of Shares subject to the Option so far as unexercised; and/or
- (c) the Exercise Price.

APPENDIX III SUMMARY OF THE PRINCIPAL TERMS OF NEW SHARE OPTION SCHEME

Once the Board determines that the adjustment is appropriate (not including any adjustments occurring as a result of capitalisation issue), the Company's Auditors shall certify in writing to the Board that such alteration is in their opinion fair and reasonable, provided that:

- (a) any adjustment shall give the Grantee the same proportion of the equity capital of the Company as the Grantee was previously entitled;
- (b) no such alteration shall be made the effect of which would be to enable any Share to be issued at less than its nominal value;
- (c) any such adjustment satisfies Chapter 17 of the Listing Rules; and
- (d) the issue of securities by the Company as consideration for or in connection with a transaction will not be regarded as a circumstance requiring adjustment.

12. CANCELLATION OF OPTIONS

- (a) Any cancellation of Options granted but not exercised shall require approval of the Board and the Shareholders in general meeting with the relevant Grantees and their Associates abstaining from voting.
- (b) Any vote taken at the meeting to approve such cancellation must be taken by poll. Cancelled Options may be re-issued after such cancellation has been approved, provided that re-issued Options shall only be granted in compliance with the terms of the Scheme.
- (c) Where the Company cancels Options and issues new ones to the same Grantee, the issue of such new Options may only be made under a scheme with available unissued Shares (excluding the Shares the subject of cancelled Options) within the limit approved by the Shareholders as mentioned in Paragraph 3(i).
- (d) For the avoidance of doubt, Options which have been exercised shall not be regarded as cancelled Options.

13. TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee in accordance with Paragraph 12.

14. TERMINATION

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the Scheme and in such event no further Option will be offered but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of the Options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provision of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

15. ALTERATION

The New Share Option Scheme may be altered in any respect by resolution of the Board except that:

- (a) any changes to the definitions of “Participant” and “Grantee” and “Option Period”;
- (b) any revisions to the terms of the New Share Option Scheme which would cause it to become more favourable to a Participant;
- (c) any changes to the provisions in the preceding Paragraphs;
- (d) any alteration to the terms and conditions of this Scheme which are of a material nature;
- (e) any change to the terms of Options granted; and
- (f) any change to the authority of the Board in relation to any alteration to the terms of this Scheme.

must be approved by a resolution by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Scheme, provided that the amended terms of the Scheme or the Options shall still comply with the requirements of Chapter 17 of the Listing Rules and that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration (except with the consent or sanction in writing of such number of Grantees as shall together hold Options in respect of not less than three-fourths in nominal value of all Shares then subject to Options granted under the Scheme and provided further that any alterations to the terms and conditions of the Scheme which are of a material nature shall first be approved by the Exchange).

NOTICE OF ANNUAL GENERAL MEETING



NOTICE IS HEREBY GIVEN that an annual general meeting (the “AGM”) of Tianda Pharmaceuticals Limited (the “Company”) will be held at Suites 2405-2410, 24th Floor, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong on Friday, 28 August 2020 at 10:30 a.m. for the following purposes:

1. To receive and consider the audited consolidated financial statements, the report of the Directors and the independent auditor’s report of the Company for the year ended 31 March 2020.
2. To declare a final dividend of HK0.13 cent per share.
3.
 - (a) To re-elect Mr. Fang Wen Quan as an executive Director;
 - (b) To re-elect Mr. Lui Man Sang as an executive Director;
 - (c) To re-elect Mr. Chiu Sung Hong (who has served as an independent non-executive Director for more than 9 years) as an independent non-executive Director; and
 - (d) To authorise the Board of Directors to fix the Directors’ remuneration for the year ending 31 March 2021.
4. To re-appoint Ernst & Young as auditor and to authorise the Board of Directors to fix the remuneration of auditor.
5. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase shares of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Hong Kong Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the aggregate number of shares of the Company which the Company is authorised to repurchase pursuant to the approval in paragraph (a) above shall not exceed 10% of the number of issued shares of the Company as at the date of the passing of this Resolution and provided that if any subsequent consolidation or subdivision of shares of the Company is effected, the maximum number of shares of the Company may be repurchased pursuant to the approval in paragraph (a) above as a percentage of the total number of issued shares of the Company immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares of the Company shall be adjusted accordingly; and
 - (c) for the purposes of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:
 - (i) the conclusion of the next AGM of the Company;
 - (ii) the expiration of the period within which the next AGM of the Company is required by the laws of the Cayman Islands or the Articles of Association of the Company to be held; or
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company.”
6. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“THAT:

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including bonds, warrants and debentures convertible into shares of the Company) which would or might require the exercise of such power after the end of the Relevant Period;

NOTICE OF ANNUAL GENERAL MEETING

- (c) the aggregate number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); (ii) an issue of shares under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) an issue of shares as scrip dividends pursuant to the Articles of Association of the Company from time to time, shall not exceed 20% of the total number of issued shares of the Company as at the date of passing this Resolution, and provided that if any subsequent consolidation or subdivision of shares of the Company is effect, the maximum number of shares of the Company that may be issued pursuant to the approval in paragraph (a) above as a percentage of the number of issued shares of the Company immediately before and after such consolidation or subdivision shall be the same and such maximum number of shares of the Company shall be adjusted accordingly; and
- (d) for the purpose of this Resolution, "Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:
- (i) the conclusion of the next AGM of the Company;
 - (ii) the expiration of the period within which the next AGM of the Company is required by the laws of the Cayman Islands or the Articles of Association of the Company to be held; or
 - (iii) the date on which the authority set out in this Resolution is revoked or varied by an ordinary resolution of the Shareholders in general meeting of the Company; and

"Rights Issue" means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company whose names appear on the register on a fixed record date in proportion to their holdings of shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognised regulatory body or any stock exchange applicable to the Company)."

NOTICE OF ANNUAL GENERAL MEETING

7. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to the passing of the Resolutions set out in items 5 and 6 of the notice convening this meeting, the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to the Resolution set out in item 6 of the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate number of issued shares of the Company repurchased by the Company under the authority granted pursuant to Resolution set out in item 5 of the notice convening this meeting, provided that such amount of shares so repurchased shall not exceed 10% of the number of issued shares of the Company as at the date of passing this Resolution.”

8. As special business, to consider and, if thought fit, pass the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** conditional upon the Hong Kong Stock Exchange granting the approval for the listing of, and permission to deal in, on the Hong Kong Stock Exchange, any shares in the capital of the Company (the “Shares”) which may fall to be allotted and issued pursuant to the exercise of the share options granted under the new share option scheme of the Company (the “New Share Option Scheme”), the New Share Option Scheme and the rules of the New Share Option Scheme (the “Rules of the New Share Option Scheme”) (a copy of which has been produced to the meeting and initialed by the chairman of the meeting for the purpose of identification) be approved and the Directors be authorised to grant options to subscribe for Shares in accordance with the Rules of the New Share Option Scheme up to a maximum of 10% of the Shares in issue as at the date of passing of this Resolution, and to allot, issue and deal with the Shares pursuant to the exercise of any options granted under the New Share Option Scheme and to do all such acts and things and to sign, execute (under hand, under the common seal of the Company or otherwise as a deed) and deliver all such documents as may be necessary, desirable or expedient in order to implement or give effect to the New Share Option Scheme and any matters arising from, relating to or incidental to the New Share Option Scheme, including but not limited to making amendments, alterations and/or modifications to the Rules of the New Share Option Scheme from time to time in accordance with the provisions of the Rules of the New Share Option Scheme and subject to Chapter 17 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange or otherwise as may be acceptable or not objected to by the Hong Kong Stock Exchange.”

NOTICE OF ANNUAL GENERAL MEETING

9. As special business, to consider and, if thought fit, pass the following resolution as a special resolution:-

SPECIAL RESOLUTION

“**THAT** article 57 of the articles of association of the Company be and is hereby amended by deleting the words “any 2 or more members holding at the date of the deposit of the requisition in aggregate not less than 25 per cent of such of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company” and replacing with the words “any member or members holding at the date of the deposit of the requisition in aggregate not less than 10 per cent of such of the paid up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company”.

By Order of the Board
Tianda Pharmaceuticals Limited
Fang Wen Quan
Chairman and Managing Director

Hong Kong, 29 July 2020

Notes:

1. Any member entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, a proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be lodged with the head office and principal place of business of the Company in Hong Kong at Suites 2405-2410, 24th Floor, CITIC Tower, No. 1 Tim Mei Avenue, Central, Hong Kong not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting.
3. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy or by representative, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register.
4. The register of members of the Company will be closed from Tuesday, 25 August 2020 to Friday, 28 August 2020, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of the shareholders who are entitled to attend and vote at the meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 24 August 2020.
5. The register of members of the Company will be closed from Monday, 7 September 2020 to Thursday, 10 September 2020, both days inclusive, during which period no transfer of shares will be registered. Subject to approval of shareholders in the meeting, the proposed final dividend will be payable to shareholders whose names appears on the register of members of the Company on Thursday, 10 September 2020. The proposed final dividend is expected to be paid on or before Wednesday, 23 September 2020. In order to qualify for the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar and transfer office, Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 4 September 2020.
6. The Board of Directors of the Company comprises:

Executive Directors:

Fang Wen Quan (*Chairman and Managing Director*)
Lui Man Sang

Non-executive Directors:

Shen Bo
Feng Quanming
Lam Lee G.

Independent non-executive Directors:

Lam Yat Fai
Chiu Sung Hong
Chiu Fan Wa

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

In compliance with the Hong Kong Government's directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 (COVID-19), the Company will implement precautionary measures at the AGM to safeguard the health and safety of our shareholders, investors, directors, staff and other participants from the risk of infection which include without limitation:

- (1) Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at the entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius will be denied entry into the meeting venue.
- (2) Every attendee will be required to wear his/her own surgical face mask throughout the AGM and sit at a safe distance from other attendees.
- (3) No refreshment will be served.
- (4) Each attendee may be asked whether (a) he/she travelled outside of Hong Kong within the 14-day period immediately before the AGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue.

In addition, the Company reminds all Shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the form of proxy which can be downloaded from the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.tiandapharma.com).