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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00455)

**MAJOR TRANSACTION
IN RELATION TO ACQUISITION OF
50.1% EQUITY INTERESTS IN THE TARGET COMPANY
AND THE COOPERATION AGREEMENT WITH THE VENDOR**

THE ACQUISITION

The Board is pleased to announce that, on 5 October 2020, the Purchaser and the Vendor entered into the Share Transfer and Cooperation Agreement, pursuant to which, among others, the Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, which represent 50.1% of the issued shares of the Target Company, at a cash consideration of HK\$25,000,000.

THE VENDOR'S SERVICE COMMITMENT

Pursuant to the Share Transfer and Cooperation Agreement, the Vendor undertook that for a period of not less than 15 years upon Completion, she will serve as (i) the director of each of the Target Company and Qi's Living (a subsidiary of the Target Company); and (ii) the Chief Operating Officer of TDMall Group, the direct shareholder of the Purchaser and an indirect wholly-owned subsidiary of the Company, to assist the Purchaser in developing its business.

REFUNDABLE PREPAYMENT FOR THE PROPERTY COMPANY

Prior to the signing of the Share Transfer and Cooperation Agreement, the Vendor and the Property Owner entered into the Property Acquisition Agreement, pursuant to which the Property Owner transferred the entire issued shares of the Property Company to the Target Company (as nominee of the Vendor) at a consideration of HK\$60,000,000. As the Property Company would become a subsidiary of the Target Company, the Group (through TDMall Group) and the Vendor had made prepayment of HK\$30,060,000 and HK\$29,940,000 by bank transfer, respectively, to the Target Company in respect of the consideration under the Property Acquisition Agreement according to their respective shareholding proportions in the Target Company upon Completion. The prepayment made by the Group is inter-conditional with the Acquisition and is fully refundable if, among others, the Acquisition does not proceed to Completion. As at the date of this announcement, the Property Company has become a subsidiary of the Target Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Share Transfer and Cooperation Agreement exceed(s) 25% but all are less than 100%, the Acquisition and the transactions contemplated under the Share Transfer and Cooperation Agreement constitute a major transaction of the Company and are therefore subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company has already received the written approval of the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder from Tianda Group, owner of 1,194,971,370 Shares (representing approximately 55.58% of the total issued share capital of the Company). As (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder; and (ii) Tianda Group holds more than 50% of the voting rights that would be exercisable at such general meeting, no physical general meeting is required to be convened for the approval of Share Transfer and Cooperation Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among others, (i) further details of the Share Transfer and Cooperation Agreement; (ii) the financial information of the Group; (iii) the financial information of the Target Group; and (iv) the valuation report on the Property will be despatched to the Shareholders in accordance with the Listing Rules on or before 27 October 2020.

Shareholders and potential investors of the Company should be aware that the completion of the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder, is subject to satisfaction of certain conditions and consequently the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder, may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.

THE ACQUISITION

The Board is pleased to announce that, on 5 October 2020, the Purchaser and the Vendor entered into the Share Transfer and Cooperation Agreement, the principal terms of which are set out as follows:

- Date:** 5 October 2020
- Parties:** (1) the Purchaser; and
(2) the Vendor.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Vendor is a third party independent of the Company and connected persons of the Company.

Subject Matter

The Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell, the Sale Shares, which represent 50.1% of the issued shares of the Target Company as at the date of the Share Transfer and Cooperation Agreement.

Consideration

The consideration for the Acquisition is HK\$25,000,000, which shall be paid by the Purchaser to the Vendor by bank transfer on the date of Completion.

Service Commitment

Pursuant to the Share Transfer and Cooperation Agreement, the Vendor undertook that for a period of not less than 15 years upon Completion (the “**Service Period**”), she will serve as (i) a director of each of the Target Company and Qi’s Living (a subsidiary of the Target Company); and (ii) the Chief Operating Officer (the “**COO**”) of TDMall Group, the direct shareholder of the Purchaser and an indirect wholly-owned subsidiary of the Company, to assist the Purchaser in developing its business.

The fees of the aforesaid positions are as follows:

Director of each of the Target Company and Qi’s Living

The aggregate professional consultant fee for the directorship in the Target Company and Qi’s Living will be HK\$220,000 per month for the first 12 months upon Completion, which shall be paid on monthly basis. After the first 12 months upon Completion, the professional consultant fee will be reviewed and adjusted by the board of directors of the Target Company. The adjustment shall be linked with the performance of the Target Company and Qi’s Living.

Prior to expiration of the Service Period, if the Vendor ceases to act as director of the Target Company or Qi’s Living, or the Purchaser terminates the directorship with reasonable causes due to the Vendor’s failure to perform her director duties pursuant to applicable laws and regulations, the Vendor shall pay compensation to the Purchaser calculated as follows:

HK\$1.6667 million per year x the remaining Service Period

COO of TDMall Group

The COO service fee for the whole Service Period is HK\$25,000,000 (subject to downward adjustment conditional to fulfillment of Profit Guarantee (as defined below)), which shall be paid by bank transfer in the following manner:

HK\$15,000,000 shall be paid on the date of Completion; and

HK\$10,000,000 shall be paid within 7 business days upon fulfillment of the Profit Guarantee (as defined below).

The COO housing allowance of HK\$80,000 per month during the Service Period shall be paid by the Purchaser and be recorded as expense in the financial statements of the Purchaser.

Prior to expiration of the Service Period, if the Vendor ceases to act as COO, or the Purchaser and/or TDMall Group terminates the COO engagement with reasonable causes due to the Vendor's failure to perform her COO duties pursuant to applicable laws and regulations, the Vendor shall pay compensation to the Purchaser calculated as follows:

If Profit Guarantee has been met: HK\$1.6667 million per year x the remaining Service Period

If Profit Guarantee has not been met: HK\$1 million per year x the remaining Service Period

Profit Guarantee

The Vendor guaranteed that for the year ending 31 March 2021, (i) the combined audited net profit after tax of the Target Company and Qi's Living shall be no less than HK\$6,000,000; and (ii) positive profit after tax (excluding the financial results of the Target Company and Qi's Living) shall be recognised from the audited financial statements of the Purchaser (the "**Profit Guarantee**"). If the Profit Guarantee cannot be satisfied upon the year ending 31 March 2021, such guarantee will be deferred to the next financial year until (i) and (ii) are met in the same financial year.

Refundable Prepayment for the Property Company

Prior to the signing of the Share Transfer and Cooperation Agreement, the Vendor and the Property Owner entered into the Property Acquisition Agreement, pursuant to which the Property Owner transferred the entire issued shares of the Property Company to the Target Company as nominee of the Vendor at a consideration of HK\$60,000,000. As the Property Company would become a subsidiary of the Target Company, the Group (through TDMall Group) and the Vendor had also made prepayment (the "**Prepayment**") of HK\$30,060,000 and HK\$29,940,000 by bank transfer, respectively, to the Target Company in respect of the consideration under the Property Acquisition Agreement according to their respective shareholding proportions in the Target Company upon Completion.

The Prepayment made by the Group is inter-conditional with the Acquisition and is fully refundable within 7 business days upon the Purchaser's request in the event (i) the Share Transfer and Cooperation Agreement fails to be executed on or before 31 December 2020 (or such later date as may be agreed by the Purchaser); or (ii) the Share Transfer and Cooperation Agreement fails to proceed to Completion and the Purchaser has not become a 50.1% shareholder of the Target Company.

The Purchaser intends to, upon the written consent of the Vendor, convert the Prepayment into shareholder's loan of the Target Company upon Completion.

Basis of the consideration, the Service Fee and the Prepayment

The consideration is determined after arm's length negotiation between the Purchaser and the Vendor on normal commercial terms after taking into account, among other things, (i) future business prospects of the Target Group and Chinese medicine and healthcare service industry; (ii) the benefits of the Acquisition as disclosed in the section headed "Reasons for and Benefits of the Share Transfer and Cooperation Agreement" below; (iii) the valuation of the fair value of the 50.1% equity interests in the Target Company and Qi's Living, as at the valuation date of 31 March 2020 prepared by the Independent Valuer using the guideline public company method under the market approach; and (iv) financial performance and position of the Target Company and Qi's Living pursuant to their respective audited or unaudited financial statements for the years/period ended 31 March 2018, 2019 and 2020.

The Service Fee payable by the Purchaser is on normal commercial terms and fair and reasonable after having considered the Vendor's Chinese medicine professional experience and her network and influence in the Chinese medicine industry.

The Prepayment paid by the Purchaser is on normal commercial terms and fair and reasonable after having considered the prevailing market prices of the building concerned in the Property Acquisition Agreement and other commercial buildings in the neighbourhood.

The Board considers that the consideration, the Service Fee and the Prepayment are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The consideration, the Service Fee and the Prepayment shall be settled by the internal resources of the Company.

Conditions precedent

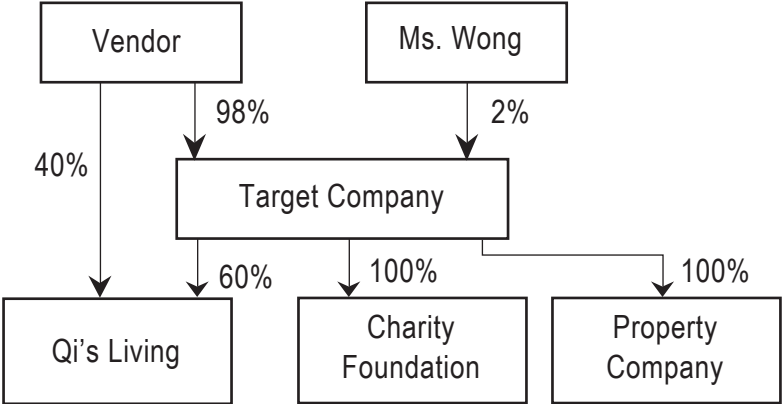
Completion of the Share Transfer and Cooperation Agreement shall take place on the 5th business day (or such other date agreed by the parties in writing) upon fulfillment or waiver (if applicable) of all of the following conditions:

1. the results of the financial and legal due diligence in respect of the assets, operations, financial situation, prospects and other conditions of the Target Group are to the satisfaction of the Purchaser;
2. the representations and warranties made by the parties in the Share Transfer and Cooperation Agreement being accurate, true and complete in all material respects and not being misleading in any material respects from the date of the Share Transfer and Cooperation Agreement up to Completion;
3. there be no material adverse change in respect of the Target Group since the date of the Share Transfer and Cooperation Agreement or occurrence of any incident which will have a material adverse effect on the business, prospects, operating performance or financing situation of the Target Group;
4. the audit reports for the year ended 31 March 2020 with unqualified opinions issued by the qualified auditors for both the Target Company and Qi's Living being provided by the Vendor to the Purchaser;
5. the Reorganisation (as defined below) is completed and relevant supporting documents have been provided by the Vendor to the reasonable satisfaction of the Purchaser;
6. all requisite filings or registrations having been made with, and all requisite authorisations have been obtained from all applicable governmental authorities, or other third parties which are necessary in connection with the execution and performance of the Share Transfer and Cooperation Agreement and any transactions contemplated thereunder; and
7. the Purchaser (and/or its controlling shareholder) and the Vendor having obtained all requisite approvals (including the approval(s) from the board of directors and/or other requisite approvals) and complied with relevant regulations under the applicable laws and the Listing Rules with respect to the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder.

The Purchaser may waive any of the above conditions save for conditions 6 and 7. If the above conditions cannot be fulfilled or waived (if applicable) in full on or before the Long Stop Date, the Share Transfer and Cooperation Agreement shall terminate and each party's rights and obligations thereunder shall cease save for any antecedent breach.

The Reorganisation

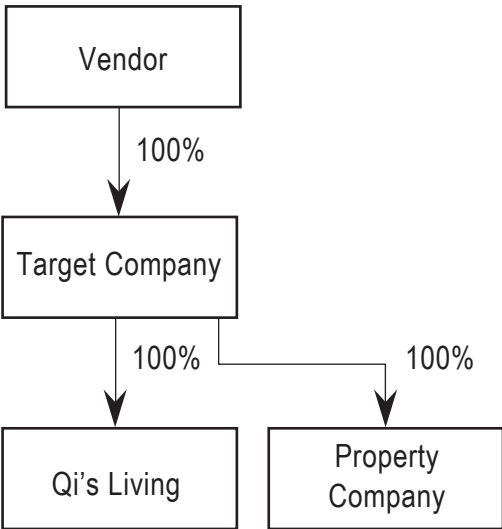
As at the date of this announcement, shareholding structure of the Target Company is as follows:



As one of the conditions precedent to the Share Transfer and Cooperation Agreement, the Vendor shall complete the following reorganization of the Target Company (the “**Reorganization**”) on or before the Long Stop Date:

1. Ms. Wong shall transfer 200 shares in the Target Company to the Vendor (representing 2% of the total issued share capital of the Target Company);
2. The Vendor shall transfer 4,000 shares in Qi’s Living to the Target Company (representing 40% of the total issued share capital of Qi’s Living); and
3. The Charity Foundation shall be spun off from the Target Company.

The shareholding structure of the Target Company upon completion of the Reorganization shall be as follows:



Vendor's Undertakings

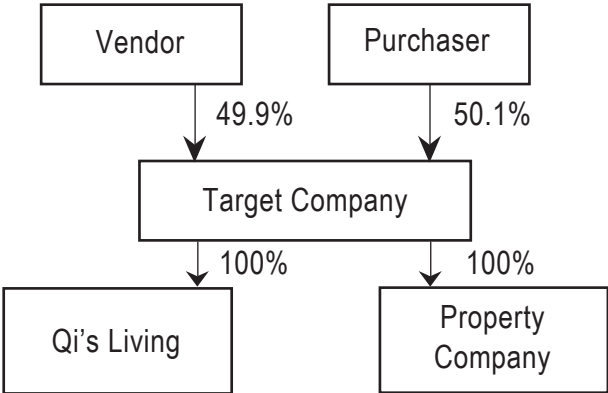
The Vendor undertook in the Share Transfer and Cooperation Agreement that, among others:

- 1. the combined audited net profit after tax of the Target Company and Qi's Living for the year ended 31 March 2020 shall not be less than HK\$ 5,000,001, and there will not be any material changes in assets or liabilities of the Target Group from the date of the Share Transfer and Cooperation Agreement up to Completion, unless with prior written approval from the Purchaser or contemplated under the Share Transfer and Cooperation Agreement; and the Vendor shall settle the loan owed by her to the Target Company before Completion;
- 2. there are no products or patents registered under the Vendor's name or registered jointly by her with other party(ies) in relation to the Target Group's business as at Completion; and
- 3. the relevant licenses, permit, registration or compliance certificates of each of the Target Company or Qi's Living remain and continue to be valid, effective and renewable on the date of Completion.

Completion

Upon Completion, the Target Company will be owned as to 50.1% by the Purchaser and 49.9% by the Vendor, respectively. The Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group.

The shareholding structure of the Target Group upon Completion is as follows:



Shareholders' Agreement

Pursuant to the Share Transfer and Cooperation Agreement, the Purchaser, the Vendor and the Target Company shall enter into the Shareholders' Agreement on the date of Completion. The principal terms of the Shareholders' Agreement are set out as follows:

Obligations of the Shareholders

The Purchaser shall be responsible for formulating and implementing the development strategies, major investment plans, financing plans and dividend policy of the Target Group; and be responsible for internal control, financial budgeting, and preparation of the consolidated financial statements of the Target Group.

The Vendor shall act as a director of each of the Target Company and Qi's Living for the Service Period, and be responsible for the operation and management of the Target Group to ensure its business development and continuous growth of profit. Further, the Vendor shall use her reasonable endeavor to ensure the relevant licenses, permit, registration or compliance certificates remain and continue to be valid, effective and renewable.

Composition of the Board of Directors

The board of directors of the Target Company shall comprise 3 members, of which 2 shall be appointed by the Purchaser, and the remaining member shall be the Vendor. The chairman of the board of directors of the Target Company shall be elected by the simple majority of the members of the board of directors. The daily business, operation and management of the Target Group shall be delegated to and led by the Vendor; while other members of the board of directors should actively cooperate with the Vendor with a sincere and goodwill attitude.

Transfer of Shares

Unless with the written consent of the other shareholder, any shareholder of the Target Company shall not pledge, charge (no matter such charge is fixed or floating) or create encumbrance of any kind on the shares of the Target Company; or to sell, transfer or in any other way dispose of any of its/her shares in the Target Company (or any rights attached thereto).

Notwithstanding the aforesaid, a shareholder of the Target Company may transfer its/her shares to a third party if the transferring shareholder has provided a notice to the non-transferring shareholder to offer to transfer such shares to the non-transferring shareholder on the same terms and conditions as such transferring shareholder has offered to the third party. If the non-transferring shareholder does not accept the terms set out on the notice within 15 business days, the transferring shareholder may proceed with the transfer to the third party.

Non-competition

The Vendor undertook that, during the longer of (i) the period which the Vendor serves as a director of the Target Company or Qi's Living; or (ii) the period from the date of the Shareholders' Agreement until the Vendor ceases to be a shareholder of any member of the Target Group, the Vendor shall not and shall not procure her affiliate(s):

- (i) on her own, or through partnership, cooperation, joint venture, investment, financing, contracting or any other method, directly or indirectly operate, invest, engage or attempt to engage any business which have or may have competition with the principal business of the Target Group in the regions where the Purchaser has operation; and
- (ii) on her own, through cooperation or investment with other third party, or by way of acting as consultant (whether paid or not), operate or assist any third party to operate business which is similar to the business engaged by the Purchaser or the Group in the region(s) where the Purchaser has operation.

INFORMATION OF THE TARGET GROUP

Upon Completion, the Target Group shall consist of the Target Company, Qi's Living and the Property Company.

As at the date of this announcement, the Target Company is a company incorporated in Hong Kong with a registered capital of HK\$10,000 divided into 10,000 shares, among which 9,800 shares are owned by the Vendor and 200 shares are owned by Ms. Wong, a Hong Kong resident and the mother of the Vendor. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Ms. Wong is a third party, independent of the Company and its connected persons. The Target Company is a Chinese medical institution in Hong Kong, which is principally engaged in the provision of high-end and modern Chinese medical services, including Chinese medical consultation, acupuncture, cupping therapy, "Tui Na" therapeutic massage, skin and body check and other health management services, based on traditional Chinese medicine ("TCM") theories and evidence-based science and equipped with state-of-the-art medical technology and equipment.

As at the date of this announcement, Qi's Living is a company incorporated in Hong Kong with a registered capital of HK\$10,000 divided into 10,000 shares, among which 6,000 shares are owned by the Target Company and 4,000 shares are owned by the Vendor. Qi's Living is principally engaged in the sales of TCM health products in Hong Kong.

As at the date of the announcement, the Property Company is a company incorporated in Hong Kong with a registered capital of HK\$1 divided into 1 share, which is owned by the Target Company. The Property Company is an investment holding company and its principal asset is the Property.

Financial Information of the Target Group

Set out below are summaries of the financial information of each member of the Target Group provided by the Vendor and prepared in accordance with Hong Kong Financial Reporting Standards:

Target Company

| | For the year ended 31 March | | |
|---------------------------|-----------------------------|---------------------------|-----------------------------|
| | 2018 HK\$ (audited) | 2019 HK\$ (audited) | 2020 HK\$ (unaudited) |
| Revenue | 14,936,410 | 11,717,552 | 11,057,495 |
| Profit before taxation | 6,056,970 | 3,578,418 | 4,195,938 |
| Net profit after taxation | 5,170,239 | 3,155,795 | 3,538,036 |

The unaudited net asset value as at 31 March 2020 was HK\$5,218,051.

Qi's Living

| | For the period from 18 November 2016 (date of incorporation) to 31 March 2019 HK\$ (audited) | For the year ended 31 March 2020 HK\$ (unaudited) |
|---------------------------|--|---|
| | Revenue | 2,304,305 |
| Profit before taxation | 2,009,371 | 2,004,195 |
| Net profit after taxation | 1,696,029 | 1,673,503 |

The unaudited net asset value as at 31 March 2020 was HK\$3,635,221.

The Property Company

| | For the year ended 31 December | | |
|----------------------------------|--------------------------------|---------------------------|---------------------------|
| | 2017 HK\$ (audited) | 2018 HK\$ (audited) | 2019 HK\$ (audited) |
| Revenue | 1,363,000 | 1,302,240 | 1,276,680 |
| Profit/(loss) before taxation | 16,416,425 | (617,865) | (356,486) |
| Net profit/(loss) after taxation | 16,416,425 | (617,865) | (356,486) |

The net asset value as at 31 December 2019 was HK\$9,937,563.

Information of the Property

The Property is situated at Office 1, 2 and 3 on 21st Floor, Fortune Centre, No. 48 Yun Ping Road, Hong Kong with a total gross area of approximately 2,713 square feet. To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, the Property is for commercial use. As at the date of this announcement, the Property is free from encumbrance and wholly-owned by the Property Company, which is in turn wholly-owned by the Target Company.

Currently, the Target Company and Qi's Living have leased an office for their daily operations in Causeway Bay, Hong Kong, which is located in the same district of the Property. The Directors consider that relocation of the Target Group's office to the Property can help eliminate the recurring rental payments and avoid future rental fluctuations of the Target Group, which is beneficial to the Target Group in the long run.

INFORMATION OF THE GROUP AND PARTIES TO THE SHARE TRANSFER AND COOPERATION AGREEMENT

The Company is an investment holding company listed on the Main Board of the Stock Exchange. With its headquarters based in Hong Kong, the Group implements the three strategic policy objectives: development of TCM as its foundation, development of innovative drugs and medical technologies, as well as development of high-quality medical and healthcare services. It is committed to becoming a pharmaceutical enterprise with competitive advantages and core competencies in drug R&D and manufacturing, Chinese medical consultation and treatment, medical technology and health management. The Company forges the entire TCM industrial chain from Chinese medicine, Chinese medicinal herbs to the application of artificial intelligence in TCM and engages in the supply of Chinese medicinal herbs and the production of TCM decoction pieces. It has established the "Tianda standard", a Chinese medicinal herbs quality control standard, and the modern Chinese medicine clinic - TDMall.

The Purchaser is a limited liability company established in Hong Kong and an indirect wholly-owned subsidiary of the Company. It is principally engaged in the investment of establishing and operating TCM medical centres in Hong Kong, while seeking market expansion through franchising.

TDMall Group is principally engaged in the investment, establishment and operation of Chinese medical clinics, devoted to promoting TCM culture, revitalizing TCM industry, promoting the TCM industry, cultivating TCM professionals and providing quality TCM services that are accessible to everyone on a global scale. TDMall practices TCM by adhering to the philosophy that “a great physician treats an illness before it develops”, following the treatment principle of “medication should be stopped once its efficacy shows and treatment should be centred on the patient”. TDMall exercises strict control on the quality of Chinese medicinal materials by complying with the “Tianda Standard”. By integrating modern medical science and other innovative technologies, TDMall provides featured specialties, general TCM treatment, health preservation and health management services and establishes personalized systems for disease diagnosis, treatment and prevention along with health preservation, thereby achieving the unification of man and nature, of tradition and modernity as well as of prevention and treatment in pursuit of the harmony of man and the universe. Based in the Guangdong-Hong Kong-Macau Greater Bay Area, TDMall implements a nationwide and global business plan, opening TDMalls in Zhuhai, Hong Kong and Sydney successively from 2019 onwards. Making full use of Internet information technology, big data, artificial intelligence and other innovative technologies, Tianda Pharmaceuticals has been constructing a “Cloud TDMall” to implement the integration of online and offline TCM services, remote diagnosis and treatment and expert consultation, which provides a high-quality, convenient and comprehensive TCM health services for the general public and strives to promote TCM inheritance, innovation and development.

As a registered Chinese medicine practitioner, the Vendor has gained strong public recognition and media presence through years of clinical experience and popular publications relating to Chinese medicine and healthcare. In addition to clinical work, the Vendor is also actively involved in the research and development of Chinese medicine and the development of organic Chinese skincare products and accumulated substantial knowledge in Chinese medicine dermatology. She is the director and the 98% shareholder of the Target Company, and the director and the 40% shareholder of Qi’s Living as at the date of this announcement. Pursuant to the Share Transfer and Cooperation Agreement, she will be appointed as the COO of TDMall Group upon Completion. The Vendor is independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION

1. Enhancing the business and operational efficiency of TDMall and facilitating the development of TDMall in the Guangdong-Hong Kong-Macau Greater Bay Area

Responding to national policy, the Group comprehensively promotes the development of the TCM business with a special focus on building TDMall, a modern Chinese clinic operation dedicated to providing quality TCM services emphasizing “specialties for special illness, effective result by featured treatments, combination of recovery and health-preservation, and harmony between nature and mankind”.

The Target Company's extensive experience and expertise in the operation of Chinese medical clinics and sales of TCM healthcare products will be conducive to enhancing the business and operational efficiency of TDMall and the performance of the Group's TCM health care services segment. As a renowned registered Chinese medicine practitioner in Hong Kong, the Vendor has gained strong public recognition through years of clinical experience and popular publications relating to Chinese medicine and healthcare. The Vendor's joining the TDMall Group will bring greater expertise and managerial experience to the Group and is expected to bring more opportunities for TDMall HK's development, facilitate the Group's capturing strategic opportunities in the Guangdong-Hong Kong-Macau Greater Bay Area, and accelerate its development in the Chinese medicine industry and the TDMall business.

2. Enlargement of service portfolio and consumer base

The Target Company is a Chinese medical institution in Hong Kong, which provides high-end and modern Chinese medical services, including Chinese medical consultation, acupuncture, cupping therapy, "Tui Na" therapeutic massage, skin and body check and other health management services. The Directors believe that, through the creation of complementary advantages and promotion of synergistic development by integrating the Target Company's service system with its own, the Chinese medicine services provided by the Group will cover a wide range of customer segments.

3. Improving the Group's financial performance and enhancing its market capitalisation

Upon Completion, the Company will become the controlling shareholder of the Target Group. The results of the Target Group will be consolidated into the Group's financial statements, it is expected that the ongoing profitability of the Target Group will contribute to the Group's consolidated income and profits, thereby improving its overall financial performance and increasing its market capitalization.

Based on the aforesaid reasons, the Directors are of the view that the terms of the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Share Transfer and Cooperation Agreement exceed(s) 25% but all are less than 100%, the transactions contemplated under the Share Transfer and Cooperation Agreement constitute a major transaction of the Company and are therefore subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Company has already received the written approval of the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder from Tianda Group, owner of 1,194,971,370 Shares (representing approximately 55.58% of the total issued share capital of the Company). As (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder; and (ii) Tianda Group holds more than 50% of the voting rights that would be exercisable at such general meeting, no physical general meeting is required to be convened for the approval of Share Transfer and Cooperation Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

GENERAL

Pursuant to Rule 14.41(a) of the Listing Rules, a circular containing, among others, (i) further details of the Share Transfer and Cooperation Agreement; (ii) the financial information of the Group; (iii) the financial information of the Target Group; and (iv) the valuation report on the Property will be despatched to the Shareholders and in accordance with the Listing Rules on or before 27 October 2020.

Shareholders and potential investors of the Company should be aware that the completion of the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder is subject to satisfaction of certain conditions and consequently the Share Transfer and Cooperation Agreement and the transactions contemplated thereunder, may or may not proceed. Accordingly, they are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

| | |
|----------------------|--|
| “Acquisition” | the acquisition of the Sale Shares under the Share Transfer and Cooperation Agreement |
| “Board” | the board of directors of the Company |
| “Charity Foundation” | Yeung & Young Charity Foundation Limited 瑤池漢方慈善基金有限公司, a company limited by guarantee established in Hong Kong controlled by the Target Company as at the date of the Share Transfer and Cooperation Agreement |
| “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) |

| | |
|----------------------------------|--|
| “Completion” | completion of the Share Transfer and Cooperation Agreement |
| “connected person(s)” | has the meaning ascribed thereto under the Listing Rules |
| “controlling shareholder” | has the meaning ascribed thereto under the Listing Rules |
| “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 People’s Republic of China |
| “Independent Valuer” | CHFT Advisory and Appraisals Ltd, a qualified valuer registered in Hong Kong |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 31 December 2020, or such later date agreed by the Purchaser and the Vendor in writing |
| “Macau” | the Macau Special Administrative Region of the People’s Republic of China |
| “Ms. Wong” | Ms. Wong Sau Ping, a Hong Kong resident, mother of the Vendor and the 2% shareholder of the Target Company as at the date of this the Share Transfer and Cooperation Agreement |
| “Property” | Office 1, 2 and 3 on 21st Floor, Fortune Centre, No. 48 Yun Ping Road, Hong Kong |
| “Property Acquisition Agreement” | the agreement entered into between the Vendor and the Property Owner on 22 May 2020 in relation to the transfer of 100% equity interest in Property Company by the Property Owner to the Target Company (the nominee of the Vendor) at the consideration of HK\$60,000,000 |
| “Property Company” | Golden Element Limited, a limited liability company incorporated in Hong Kong which is the sole owner of the Property |

| | |
|--|---|
| “Property Owner” | a Hong Kong resident who is independent of the Company, its connected persons and the Vendor, being the sole shareholder of the Property Company before completion of the Property Acquisition Agreement |
| “Purchaser” | TDMall (Hong Kong) Limited, a limited liability company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company |
| “Qi’s Living” | Qi’s Living Company Limited, a limited liability company incorporated in Hong Kong and a 60%-owned subsidiary of the Target Company as at the date of the Share Transfer and Cooperation Agreement |
| “Reorganisation” | reorganization of the Target Company to be completed on or before the Long Stop Date pursuant to the Share Transfer and Cooperation Agreement, details of which are set out in the section headed “The Acquisition – The Reorganisation” in this announcement |
| “Sale Shares” | 5,010 ordinary shares of the Target Company, representing 50.1% of the total issued share capital therein |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Shares” | ordinary share(s) of HK\$0.10 each in the share capital of the Company |
| “Share Transfer and Cooperation Agreement” | the agreement dated 5 October 2020 entered into between the Purchaser and the Vendor in relation to, among others, the Acquisition |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Yeung & Young Medicare Centre Limited, a limited liability company incorporated in Hong Kong which is owned as to 98% by the Vendor and 2% by Ms. Wong as at the date of the Share Transfer and Cooperation Agreement |
| “Target Group” | the Target Company, Qi’s Living and the Property Company |
| “TDMall Group” | TDMall (Group) Limited, a limited liability company established in Macau and an indirect wholly-owned subsidiary of the Company |

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| “Tianda Group” | Tianda Group Limited, the controlling shareholder of the Company |
| “Vendor” | Dr. Yeung Ming Ha, a Hong Kong resident and the 98% shareholder of the Target Company as at the date of the Share Transfer and Cooperation Agreement |
| “%” | per cent |

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

Hong Kong, 5 October 2020

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.