

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



SUPPLEMENTAL INFORMATION RELATING TO A DISCLOSABLE TRANSACTION – TECHNOLOGY TRANSFER CONTRACT

Reference is made to the announcement of the Company published on 4 March 2021 in relation to the Technology Transfer Contract (the “**Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement unless the context requires otherwise.

The Company would like to supplement the Announcement with the following information.

FINANCIAL INFORMATION

The revenue of the Xiaoeer Qingre Zhike Granule (小兒清熱止咳顆粒) (the “**Product**”), for the years ended 31 December 2018, 2019 and 2020 was RMB15,499,000, RMB11,390,000 and RMB7,693,000 respectively in the records of the Transferor. The Transferor concentrated its resources in the marketing and sales of its other products in 2019, resulting in a drop in sales of the Product in 2019. In 2020, the sales of the Product were further affected by the outbreak of COVID-19 pandemic. The Company does not expect the adverse factors to last for a prolonged period, and the market demand will rebound eventually.

The Company considers that the Product has a good market potential and have assessed the gross profit margin of the Product to be approximately 60%. As the Group already has a major product, Tuoan, (Ibuprofen suspension and drops) in the pediatric drug market supported by a well-established marketing and sales team and wide-spread sales and distribution channels, the Group has strong confidence in improving the sales of the Product in the future. The entering into the Technology Transfer Contract will broaden the Group’s product mix and is complementary to the Group’s long-term strategy of increasing its market share in pediatric drug.

The Company has taken into full consideration the Transferor’s sales history, as well as the sales prospect and profit margin of the Product, and determined the Consideration after arm’s length negotiation with the Transferor.

INFORMATION OF THE PARTIES TO THE TECHNOLOGY TRANSFER CONTRACT

Heilongjiang Jiren Pharmaceutical Co., Ltd.* (黑龍江省濟仁藥業有限公司) as the Transferor is a limited liability company established under the laws of the PRC principally engaged in research, development and production of Chinese medicine products in the management of the heart, brain, neurological, rheumatic, gynecological, and pediatric diseases, etc. The transferor has been a supplier of the Group since January 2020.

Mr. Lu Tian Gang* (盧天罡), founder, chairman and general manager of the Transferor and Ms. Wang Fang* (王芳), director of the Transferor, who directly holds 93.33% and 6.67% equity interests in the Transferor respectively, are the ultimate beneficial owners of the Transferor and have over 20 years' experience in the pharmaceutical industry.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Transferor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

** Name translated for reference purpose only in this Announcement*

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

Hong Kong, 12 March 2021

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.