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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 00455)

CONTINUING CONNECTED TRANSACTIONS: RENEWAL OF FRAMEWORK AGREEMENT WITH SHANGHAI PHARMACEUTICALS HOLDING CO., LTD.

RENEWAL OF FRAMEWORK AGREEMENT WITH SPH

Reference is made to the announcements of the Company dated 26 March 2018 and 31 January 2019 in relation to the Previous Framework Agreement entered into between the Company and SPH. As the Previous Framework Agreement expired on 31 March 2021 and it is currently expected that the transactions contemplated under the Previous Framework Agreement will continue to be entered into on a recurring basis, the Company entered into the Renewed Framework Agreement with SPH on 9 April 2021.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SPH is a substantial shareholder of the Company, which indirectly holds 13.05% interest in the issued share capital of the Company. SPH is therefore a connected person of the Company under the Listing Rules. As such, the Renewed Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

The Directors, including the independent non-executive Directors, consider that the transactions under the Renewed Framework Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of the Renewed Framework Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As all of the applicable percentage ratios in respect of the annual caps of the transactions contemplated under the Renewed Framework Agreement exceed 0.1% but all are less than 5%, the transactions contemplated under the Renewed Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 26 March 2018 and 31 January 2019 in relation to the Previous Framework Agreement entered into between the Company and SPH. As the Previous Framework Agreement expired on 31 March 2021 and it is currently expected that the transactions contemplated under the Previous Framework Agreement will continue to be entered into on a recurring basis, the Company entered into the Renewed Framework Agreement with SPH on 9 April 2021.

The Renewed Framework Agreement

Date: 9 April 2021

Parties: (1) the Company; and
(2) SPH

Term: From 1 April 2021 to 31 March 2024 inclusive

(A) Selling of products and provision of product logistics services to be provided by the Group to SPH Group

1. Principles of transactions:

Pursuant to the Renewed Framework Agreement, the selling of products and provision of product logistics services to be provided by the Group to SPH Group shall be on normal commercial terms.

2. Pricing basis:

The prices of the transactions shall be determined on arm's length basis with reference to the prevailing market price and taking into account the quantity and quality of the supplies, products and services as well as other terms such as payment terms. If there is no comparable in the market, the pricing of the transactions to SPH Group shall be no less favourable than the price made to independent third party customers.

3. Historical figures:

According to the audited financial statements for the years ended 31 March 2019 and 2020 and the unaudited management accounts for the period from 1 April 2020 to 28 February 2021, the historical amounts are as follows:

	Amounts (HK\$)
Year ended 31 March 2019 (audited)	13,137,992
Year ended 31 March 2020 (audited)	16,195,884
Period from 1 April 2020 to 28 February 2021 (unaudited)	14,600,000

4. Proposed annual caps:

The proposed annual caps for the three years ending 31 March 2024 are set out as follows:

Year ending	Annual caps (HK\$)
31 March 2022	18,000,000
31 March 2023	18,000,000
31 March 2024	18,000,000

The annual caps are determined by reference to: (1) the historical amounts of such transactions; (2) the estimated demand for the selling of products and product logistics service by SPH Group; (3) growth of the general economy and inflation in the PRC; (4) trend of RMB; and (5) the provision of buffer for possible further in business growth of the Group.

(B) Procurement of products and provision of product logistics services to be provided by SPH Group to the Group

1. Principles of transactions:

Pursuant to the Renewed Framework Agreement, the procurement of products and provision of product logistics services to be provided by SPH Group to the Group shall be on normal commercial terms.

2. Pricing basis:

The prices of the transactions shall be determined on arm's length basis with reference to the prevailing market price and taking into account the quantity and quality of the supplies, products and services as well as other terms such as payment terms. If there is no comparable in the market, the pricing of the transactions to the Group shall be on terms no less favourable than those available from independent third party suppliers.

To secure the normal commercial terms, the Group adopts the following standard operating procedures for the procurement of products and logistics services:

- (i) Perform qualification review on the suppliers and update the list of suppliers every year;
- (ii) Obtain at least two quotations from the qualified suppliers for comparison for each procurement transaction;
- (iii) Negotiate further with qualified suppliers to seek better purchase price and terms based on the quotation received;
- (iv) Select the most competitive price and terms from the qualified quotations and enter into purchase contract; and
- (v) SPH Group, being one of the suppliers in the market, is also required to go through the same processes as other independent suppliers.

3. Historical figures:

According to the audited financial statements for the years ended 31 March 2019 and 2020 and the unaudited management accounts for the period from 1 April 2020 to 28 February 2021, there was no transaction occurred.

4. Proposed annual caps:

The proposed annual caps for the three years ending 31 March 2024 are set out as follows:

Year ending	Annual caps (HK\$)
31 March 2022	7,000,000
31 March 2023	7,000,000
31 March 2024	7,000,000

The annual caps are determined by reference to (1) the historical amounts of such transactions; (2) the estimated demand for procurement of the products and product logistics service; (3) the pharmaceutical industry policy in the PRC; and (4) the provision of buffer for possible further business growth.

INFORMATION OF PARTIES TO THE RENEWED FRAMEWORK AGREEMENT

Headquartered in Hong Kong, the Company is an investment holding company listed on the Main Board of the Stock Exchange with a development focus in three key areas: develop the Chinese medicine business, which is intended to provide the Company with a solid foundation, for the development in innovative drugs and medical technologies, as well as high-quality medical and healthcare services. It is committed to becoming a pharmaceutical enterprise with competitive advantages and core competencies in drug research, development and manufacturing, Chinese medical consultation and treatment, medical technology and health management. The Group's growth in the last five years has achieved a whole-industry-chain layout for its Chinese medicine business. The Group's Chinese medicine research and development platform has been strengthened by bringing together Tianda Chinese Medicine Institute Limited*(天大中醫藥研究院) and Zhuhai Tianda Chinese Medicine Institute Development Ltd.* (珠海天大中醫藥研究開發有限公司). New functions have been conferred on Tianda Pharmaceuticals (Zhuhai) and Meng Sheng Pharmaceutical, with Tianda Pharmaceuticals (Zhuhai)'s new Research & Development and production base located in Jinwan, Zhuhai, to add Chinese medicine extraction and production of Chinese medicine decoction pieces, formula granules, Chinese medicine preparations and health products etc., and Meng Sheng Pharmaceutical to add the research and production of the Panax Notoginseng series health products. Meanwhile, four subsidiaries including Tianda Chinese Medicine (China), Tianda Pharmaceuticals (China), Tianda Pharmaceuticals (Hong Kong), and Tianda Pharmaceuticals (Australia) have together put in place a domestic and foreign marketing network for a comprehensive product portfolio ranging from the purchase and sales of Chinese medicinal materials to the sales of Chinese medicine decoction pieces, precious medicinal materials, formula granules, Chinese medicine preparations and health products. The Group has also invested in the establishment of modern-style Chinese medicine clinics - "TDMall", with the aim of expanding its presence in the Guangdong-Hong Kong-Macao Greater Bay Area, across PRC and worldwide, by rolling out physical TDMalls steadily in the domestic, foreign and international markets while perfecting its "TDMall on Cloud" to extend its services to cover the virtual space, giving impetus to the sustainable development of the Group's Chinese medicine businesses as a whole.

SPH is a state-owned enterprise established in the PRC, with A shares listed on the Shanghai Stock Exchange (stock code: 601607), and H shares listed on the Main Board of the Hong Kong Stock Exchange (stock code: 02607). It provides leading healthcare services in Research & Development, manufacturing, distribution and retail. It is a substantial shareholder of the Company holding approximately 13.05% interest in the issued share capital of the Company.

REASONS AND BENEFITS FOR ENTERING INTO THE RENEWED FRAMEWORK AGREEMENT

The Renewed Framework Agreement will enable both the Group and SPH Group to continue to procure products and logistics services from each other to support business development, to ensure a steady source of products and logistics services which are of reliable quality, and to support the internal development of both the Group and SPH Group without putting the resources of both the Group and SPH Group at risk or affecting each other's business relationship with other independent third-party suppliers on normal commercial terms and scale.

OPINION OF THE BOARD

Given that the terms of the Renewed Framework Agreement have been negotiated on arm's length basis and the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, the Directors (including the independent non-executive Directors) are of the view that the Renewed Framework Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Shen Bo ("Mr. Shen") is a non-executive director of the Company. Mr. Shen was nominated by SPH, a substantial shareholder of the Company holding approximately 13.05% interest in the issued share capital of the Company, as its representative in the Board, so he is considered to have interests in the transactions. Accordingly, Mr. Shen did not take part in the voting to approve the Company and SPH entering into the

Renewed Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the Renewed Framework Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

This announcement is made pursuant to Rule 14A.54 of the Listing Rules.

As at the date of this announcement, SPH is a substantial shareholder of the Company and it is a connected person of the Company under the Listing Rules. Accordingly, the transactions between the Group and the SPH Group prior to entering into the Renewed Framework Agreement, the Renewed Framework Agreement and the transactions contemplated under the Renewed Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the applicable percentage ratios in respect of the annual caps of the transactions contemplated under the Renewed Framework Agreement exceed 0.1% but all are less than 5%, the transactions contemplated under Renewed Framework Agreement are subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITION

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

“Board”	the board of Directors of the Company
“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 with stock code 00455
“Connected Person”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transactions”	The transactions contemplated under the Renewed Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Previous Framework Agreement”	the framework agreement dated 26 March 2018 entered into between the Company and SPH for sales of pharmaceutical products, Chinese medicine and healthcare products, and provision of logistics services provided by the Group and SPH Group to each other
“PRC”	the People's Republic of China, for the purposes of this announcement and for geographical reference only, excludes Taiwan, the Macau Special Administrative Region and Hong Kong Special Administrative Region (unless otherwise indicated)

“Renewed Framework Agreement”	the Renewed Framework Agreement dated 9 April 2021 entered into between the Company and SPH for sales of pharmaceutical products, Chinese medicine and healthcare products, and provision of logistics services provided by the Group and SPH Group to each other
“Share(s)”	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“SPH”	Shanghai Pharmaceuticals Holding Co., Ltd.* (上海醫藥集團股份有限公司), a state-owned enterprise established in the PRC, (shares of which are listed on the Shanghai Stock Exchange with stock code 601607; and on the Main Board of the Hong Kong Stock Exchange with stock code 02607) is a substantial shareholder of the Company who holds approximately 13.05% interest in the issued share capital of the Company
“SPH Group”	SPH and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

** 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, 9 April 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.