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CONNECTED TRANSACTION SUBSCRIPTION OF INTEREST IN A FUND

INTRODUCTION

On 19 April 2023, Tianda Biotech entered into the Subscription Agreement with the Fund, pursuant to which Tianda Biotech agreed to subscribe for Participating Shares A attributable to the Sub-Fund, a segregated portfolio of the Fund, at a total subscription amount of HK\$10 million.

THE SUBSCRIPTION

Date

19 April 2023

Parties

- (1) Tianda Biotech, a wholly-owned subsidiary of the Company, as the Subscriber; and
- (2) the Fund

Subscription amount

Tianda Biotech agreed to subscribe for Participating Shares A attributable to the Sub-Fund, a segregated portfolio of the Fund, at a total subscription amount of HK\$10 million, which is payable by the Company by cash from its internal resources. The subscription amount is determined based on the terms of the PPM and the condition of the Company's idle cash.

THE SUBSCRIPTION AGREEMENT AND THE PRIVATE PLACING MEMORANDUM

The principal terms of the Subscription Agreement and the Private Placing Memorandum are summarised below:

- Name of the Sub-Fund: Tianda Growth Fund

- Investment Manager: Tianda Asset Management Limited

- Participating Share: The directors of the Fund have initially created and designated one class in respect of the Sub-Fund, being the Participating Shares A, which are being offered under the terms of the PPM. The Fund may also issue different classes and/or series of shares in the Sub-Fund from time to time, and the specific rights and restrictions attaching to the class and/or series of shares shall be set out in any supplemental memorandum in relation to that class and/or series of shares.

- Investment Objective and Strategies: The principal investment objective of the Sub-Fund is to maximize capital appreciation and achieve returns for Shareholders. The Sub-Fund shall invest primarily in listed and/or unlisted equity securities and/or equity-related instruments which may include but is not limited to preferred stocks, convertible securities and exchange traded funds. The Sub-Fund will target investments in mid to large cap listed equities or index exchange traded funds and may also sell call options as part of a viable income-generating strategy known as a covered call, or use options to hedge the downside risk of the Sub-Fund’s portfolio. In addition, the Sub-Fund may also invest in other asset types including but not limited to debt securities and obligations, commodities, futures, other options, warrants, swaps, other derivative instruments, and other collective investment schemes. The Sub-Fund may hold 100% of its assets in cash or cash equivalents (including money market funds) should the Investment Manager deem such strategy to be prudent over any time period.

- Investment Period: The Sub-Fund may be terminated if the net asset value of Participating Shares A being less than US\$1,000,000 or its equivalent; if any law shall be passed which renders it illegal to continue the Sub-Fund; or if, in the opinion of the directors of the Fund, it is impracticable or inadvisable to continue the Sub-Fund.

Distribution Policy:	Income of the Sub-Fund will not be distributed unless the directors of the Fund otherwise determine. Retained income will be reflected in the value of Participating Shares A.
Management Fee:	2% per annum of the net asset value of Participating Shares A.
Performance Fee:	The Investment Manager will be entitled to receive a performance fee, equal to 20% of the appreciation in the net asset value of Participating Shares A over the high water mark.
Management:	The Investment Manager shall invest and reinvest the assets of the Sub-Fund, and be responsible for the day-to-day investment activities of the Sub-Fund, in order to achieve the investment objectives of the Sub-Fund.
Redemption:	The holders could redeem their Participating Shares A the first business day in each calendar month, or such other day or days as the directors of the Fund may from time to time prescribe. Subject to any early compulsory redemption by the Sub-Fund, all Participating Shares A will be redeemed by the Sub-Fund as soon as practicable at the end of the life of Sub-Fund. The redemption price of the Participating Shares A shall be determined by the directors of the Fund based on the valuation of the Sub-Fund's assets pursuant to the PPM at the relevant time.

INFORMATION OF THE FUND AND THE INVESTMENT MANAGER

The Fund was incorporated as a variable capital company under the laws of Hong Kong. As a variable capital company, the Fund is permitted to create one or more sub-funds in order to segregate the assets and liabilities of the Fund held in respect of one sub-fund from the assets and liabilities of the Fund held in respect of any other sub-fund and the general assets and liabilities of the Fund. Notwithstanding the segregation of assets and liabilities between the sub-funds, the Fund is a single legal entity and no sub-fund constitutes a legal entity separate from the Fund itself.

The Fund will be managed by the Investment Manager which is a company incorporated under the laws of Hong Kong. The Investment Manager is licensed in accordance with the SFO of Hong Kong. It provides comprehensive asset management services including individual and institutional asset management accounts and fund management. It is a wholly-owned subsidiary of Tianda Group, the controlling shareholder of the Company, and is a connected person of the Group.

INFORMATION OF THE GROUP

The Group is primarily engaged in the research and development, manufacture and sales of pharmaceutical, biotechnology and healthcare products and investment in the development of Chinese medicines industry.

Tianda Biotech is an investment holding company incorporated in Hong Kong and a wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group's operations have generated surplus fund not immediately required by the Group. In line with the Group's treasury policy, the Company has the option of placing such funds into fixed term time deposits or similar form of wealth accrual instruments. For a long period of time, the Group has been utilizing its idle funds to place into fixed term time deposits or subscribe for wealth management products in order to earn interests. To enhance its income for the presently unutilized funds, Tianda Biotech entered into the Subscription Agreement with the Fund. The Board believes that the Subscription represents a good investment opportunity taking into account the existing market conditions, business outlook and capital expenditure plan as the Company anticipates a reasonable return in the medium term from the Subscription as a result of the anticipated performance of the Sub-Fund.

The Board (including the independent non-executive Directors, but excluding Mr. FANG Wen Quan and Mr. LUI Man Sang who have not taken part in the voting at the Board meeting in relation to the Subscription Agreement and the Subscription) considers that the terms of the Subscription are fair and reasonable, are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The Investment Manager is a wholly-owned subsidiary of Tianda Group and Tianda Group is the controlling shareholder of the Company. Accordingly, the Investment Manager is a connected person of the Company under the Listing Rules and the Subscription constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the percentage ratios (as defined in the Listing Rules) applicable to the Subscription exceed 0.1% but do not exceed 5% and the Subscription is conducted on normal commercial terms, pursuant to Rule 14A.76(2) of the Listing Rules, the Subscription is only subject to the reporting and announcement requirements set out in Rules 14A.68 and 14A.71 of the Listing Rules and are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. FANG Wen Quan, the Chairman of the Board and the Managing Director, has the entire equity interest in Tianda Group and Mr. LUI Man Sang, an executive Director of the Company, was appointed by Tianda Group. Therefore, they are considered to have a material interest in the Subscription Agreement and the Subscription. Each of Mr. FANG Wen Quan and Mr. LUI Man Sang has not taken part in the voting at the Board meeting to approve the Subscription Agreement and the Subscription. Save as disclosed above, none of the Directors has any material interest in the aforesaid matter.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	Tianda Pharmaceuticals Limited, a company incorporated in Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 0455)
“connected person”	has the meaning ascribed to it in the Listing Rules
“connected transaction”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Fund”	Tianda Asset Management OFC, a Hong Kong private open-ended fund company with variable capital, limited liability and segregated liability between sub-funds regulated under the SFO, which is an indirect wholly-owned subsidiary of Tianda Group
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Investment Manager”	Tianda Asset Management Limited, a company incorporated under the laws of Hong Kong, which is an indirect wholly-owned subsidiary of Tianda Group

“Participating Share(s) A”	a class of shares in the Sub-Fund, which are limited-voting participating redeemable shares
“Parties”	Tianda Biotech and the Fund
“Private Placing Memorandum” or “PPM”	the private placing memorandum dated April 2023 by the Fund setting out, among other things, the terms of the Fund, the Sub-Fund and the offer for subscription for the Fund and the Sub-Fund
“NAV per Participating Share A”	the proportion of the net asset value of the Sub-Fund represented by such Participating Share A, as determined in accordance with the constitution of the Fund and the PPM
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-Fund”	Tianda Growth Fund, a segregated portfolio of the Fund
“Subscriber” or “Tianda Biotech”	Tianda Biotech Limited, a company incorporated in Hong Kong, which is a wholly-owned subsidiary of the Company
“Subscription”	Tianda Biotech’s subscription for Participating Shares A attributable to the Sub-Fund at a total subscription amount of HK\$10 million pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between Tianda Biotech and the Fund on 19 April 2023, pursuant to which Tianda Biotech agreed to subscribe for Participating Shares A attributable to the Sub-Fund, a segregated portfolio of the Fund, at a total subscription amount of HK\$10 million
“Tianda Group”	Tianda Group Limited, a company incorporated in Hong Kong, which is the controlling shareholder of the Company

“US\$” US dollars, the lawful currency of the United States of America

“%” per cent

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

Hong Kong, 19 April 2023

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 and Mr. FENG Quanming; and the Independent Non-executive Directors are Mr. LAM Yat Fai, Mr. CHIU Sung Hong and Mr. CHIU Fan Wa.