天大藥業有限公司
TIANDA PHARMACEUTICALS LIMITED

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

PROFIT WARNING

This announcement is made by Tianda Pharmaceuticals Limited (the **Company**, together with its subsidiaries, the **Group**) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **Listing Rules**) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the **Board**) wishes to inform shareholders and potential investors of the Company that, based on a preliminary review of the unaudited management accounts of the Group for the six months ended 30 September 2020 (the **Current Period**), the Group expects to record an unaudited consolidated net loss attributable to owners of the Company of approximately HK$9 million to HK$16 million for the Current Period as compared to an unaudited consolidated net profit attributable to owners of the Company of approximately HK$2.61 million for the six months ended 30 September 2019 (the **Last Corresponding Period**).

Such expected unaudited consolidated net loss attributable to owners of the Company was primarily due to: 1) the removal of one of the Group's main products Cerebroprotein Hydrolysate from mainland China's "Medical Insurance Directory" as a result of the adjustments of the national medical insurance policy effective at the beginning of 2020, which caused a sharp decline in the sales volume and sales amount of the product during the Current Period compared to the Last Corresponding Period; 2) the decline of the mobility of people across mainland China as a preventive measure to fight COVID-19, resulting in a substantial decrease in the number of medical visits to hospitals for influenza illnesses and the amount of drugs prescribed, especially for pediatric patients. Moreover, the government's ban to stop non-medical institutions selling antipyretic and cough medicines during the Current Period, which caused a significant drop in the sales volume and sales amount of the Group's pediatric anti-flu and respiratory system drugs, Tuoen (Ibuprofen suspension); and 3) greater product research and development efforts and increase in investment in research and development as the Group has adjusted and enriched its development strategy, which caused a significant increase in the research and development expenses in generic drugs and Classic Ancient Prescription TCM compound prescriptions during the Current Period.

The Company is still in the process of preparing the consolidated interim results of the Group for the Current Period. The information contained in this announcement is based only on the preliminary review by the Board upon its review of the unaudited management accounts of the Group for the Current Period and other information currently available to the Company which has not been reviewed by the Company's independent auditor. Shareholders and potential investors of the Company are advised to refer to the Company's interim results announcement for the details of the finalised consolidated interim results of the Group for the Current Period, which is expected to be announced before the end of November 2020 in compliance with the Listing Rules.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 13 November 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.