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, and 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 of the Company wishes to inform the shareholders of the Company and potential investors that, based on the preliminary assessments on the Group's unaudited consolidated management accounts for the year ended 31 March 2021 (the current financial year), the Group expects to record a loss attributable to owners of the parent of approximately HK$27 million for the current financial year, as compared to a profit attributable to owners of the parent of HK$3.14 million for the year ended 31 March 2020 (the last financial year). The decrease in the profit attributable to owners of the parent as compared with the last financial year was mainly due to the following: (1) As disclosed in the Group's interim report, the revenue and gross profit of the Drugs & Medical Technologies business (formerly known as the Pharmaceutical and Biotechnology business) declined due to the adjustment to the National Medical Insurance Catalog in China and the precautionary measures for the COVID-19 pandemic; (2) R&D expenses surged as an attempt to accelerate technological advancements and to optimize the Group's product mix; and (3) the revenue and gross profit of the Chinese Medicine business and Medical & Healthcare services (formerly known as the Chinese Medical business) more than doubled as compared with the last financial year but was not able to compensate for the decline in gross profit of the Drugs & Medical Technologies business and the surge in R&D expenses.

The Group's financial position remains solid. With bank deposits, bank balances and cash totaling approximately HK$235 million and an unutilized credit facility of approximately HK$94 million as of 31 March 2021, the Group has sufficient financial resources to meet its operations expenses, capital expenditure and funding for potential acquisitions.

The Group has adhered to the strategies of "development of Traditional Chinese Medicine (TCM) as foundation, development of innovative drugs & medical technologies, as well as development of quality medical & healthcare services", and has increased its investment in R&D and strengthened product development and introduction, while pushing forward the growth of its Chinese Medicine business and Medical & Healthcare services. For the Chinese Medicine business, the Group has forged a complete TCM industrial chain layout in the last 5 years, covering the supply of Chinese medicinal herbs, production of Chinese medicine, R&D of Chinese medicine, a comprehensive range of Chinese medicine products, and a domestic and overseas marketing network. For the Medical & Healthcare services, the Group's modern Chinese medicine clinics "TDMall" have been opened in Zhuhai, Hong Kong and Sydney successively since 2019, with the aim to build the chain operation model under different laws and regulations for Chinese medicine. "TDMall" has also been building the cloud-based Chinese medicine platform "TDMall on Cloud" for providing online intelligent remote Chinese medicine consultation and treatment services supported by cross-region joint expert consultation worldwide. For the Drugs & Medical Technologies business, a major product of the Group, Valsartan capsules, secured first place in the tender in China's third round of Centralized Drug Procurement Scheme in the second half of 2020. The Group will endeavor to secure the inclusion of its other products in the Centralized Drug Procurement Schemes to further expand the sales to hospitals and to drive the sales growth in the OTC market and overseas markets.

The Group is actively examining current and potential merger and acquisition opportunities to acquire potential innovative drugs, medical devices and medical & healthcare service providers so as to accelerate its business development and growth. It is also actively planning to advance the R&D of innovative drugs in collaboration with internationally renowned biomedical experts with a focus on cancer drugs, and drugs for treating diabetes and liver diseases. Such initiatives will allow the Group to embark on the development of innovative drugs.

The Company is still in the process of finalizing the audited consolidated annual results. The information contained in this announcement is based on a preliminary assessment of the latest management accounts of the Group, which has not been audited or reviewed by the independent auditors of the Company or the audit committee of the Company. The audited consolidated annual results are expected to be published on 25 June 2021.

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

For and on behalf of the Board
Tianda Pharmaceuticals Limited
FANG Wen Quan
Chairman and Managing Director

Hong Kong, 18 June 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.