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

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF NON-CONTROLLING INTEREST IN A SUBSIDIARY

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 1 August 2023, the Purchaser and the Seller entered into the Equity Transfer Agreement, under which the Purchaser agreed to acquire the Sale Interest (which represents the remaining 45% equity interest of the Target Company) from the Seller at a consideration of RMB23,500,000 (equivalent to approximately HK\$25,600,000). Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Equity Transfer Agreement exceed 5% but are less than 25%, the transactions contemplated thereunder constitute a discloseable transaction for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Seller is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, as (i) the Seller is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Equity Transfer Agreement are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) have approved the transactions and confirmed that the transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Equity Transfer Agreement are subject to reporting and announcement but are exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has any interest in the Acquisition and is required to abstain from voting on the same at the relevant meeting of the Board.

The Board is pleased to announce that on 1 August 2023, the Purchaser and the Seller entered into the Equity Transfer Agreement, under which the Purchaser agreed to acquire the Sale Interest (which represents the remaining 45% equity interest of the Target Company) from the Seller at a consideration of RMB23,500,000 (equivalent to approximately HK\$25,600,000). Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

The principal terms of the Equity Transfer Agreement are summarized as follows:

EQUITY TRANSFER AGREEMENT

Date: 1 August 2023

Parties: Yunyu Bio-Pharmaceutical Co., Limited (雲玉生物製藥有限公司*) (the “Purchaser”)
Yunnan Li Nuo Biotechnology Co. Ltd.* (雲南利諾生物技術有限公司) (the “Seller”)
Tianda Pharmaceuticals (Zhuhai) Ltd.* (天大藥業(珠海)有限公司) (the “Guarantor”)

The Seller holds 45% equity interest in the Target Company and is a substantial shareholder of the Target Company. The Seller is regarded as a connected person of the Company at the subsidiary level. As such, the Acquisition constitutes a connected transaction under Chapter 14A of the Listing Rules.

Assets to be acquired

Pursuant to the Equity Transfer Agreement, the Seller has agreed to sell, and the Purchaser has agreed to acquire the Sale Interest, which represents the remaining 45% interest in the Target Company at the Consideration.

Consideration

The Consideration shall be RMB23,500,000 (equivalent to approximately HK\$25,600,000). It was determined after arm’s length negotiations between the Purchaser and the Seller having taken into account of, among other things, the net asset value of the Target Company, and the benefits that would be brought to the Group by the Acquisition as explained in more details in the section headed “Reasons for and benefits of the Acquisition” in this announcement. The Guarantor guarantees the payment of the consideration.

Pursuant to the Equity Transfer Agreement, the Consideration shall be paid by instalments in the following manner:

The deposit	RMB4,700,000, being 20% of the Consideration, shall be paid by the Guarantor on behalf of the Purchaser within 7 days after signing the Equity Transfer Agreement;
The first instalment	RMB18,800,000, being 80% of the Consideration, shall be paid by the Purchaser within 7 days upon completion of the change of industrial and commercial registration for the transfer of Sale Equity to the Purchaser;
The final instalment	Within 5 days after receipt of the first installment, the Seller will refund the deposit to the Guarantor and the same amount as the final instalment shall be paid by the Purchaser within 5 days upon receipt of refund by the Guarantor.

The Consideration is expected to be funded by the internal resources of the Group.

Completion

Completion will take place on the date of completion of registration of the transfer of Sale Interest with relevant authority as well as the consideration has been settled. After Completion, the Target Company will become an indirectly wholly-owned subsidiary of the Company and the financial results of the Target Company will continue to be consolidated into the consolidated financial statements of the Group.

INFORMATION OF THE GROUP AND PARTIES TO THE EQUITY TRANSFER AGREEMENT

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.

The Purchaser

The Purchaser is a company incorporated in British Virgin Islands with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

The Guarantor

The Guarantor is a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company. It is principally engaged in research and development, manufacture and sale of pharmaceutical and biotechnology products.

The Seller

The Seller is a company established under the laws of the PRC with limited liability. Its principal business includes provision of biotechnology related technical and training services. As at the date of this announcement, the ultimate beneficial owners of the Seller are Mr. Peng Changfu (彭長福) and Ms. Luo Jiexiu (羅解秀) who holds 60% and 40% of equity interest in the Seller respectively.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save as and except for holding 45% equity interests in the Target Company, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons (within the meaning of the Listing Rules).

The Target Company

The Target Company is a cooperative enterprise established under the laws of the PRC with limited liability. It is principally engaged in the research and development, manufacture and sale of pharmaceutical and biotechnology products. As at the date of this announcement, the Purchaser and the Seller holds 55% and 45% respectively of its entire equity interest. Its registered capital of RMB36,000,000 were contributed by the Purchaser and the Seller on a pro rata basis.

A summary of the financial information of the Target Company obtained from the audited report of the Company for the financial period ended 31 December 2022 is set out below:

	Nine months ended 31 December 2022 (Audited) HK\$'000	Year ended 31 March 2022 (Audited) HK\$'000
Revenue	39,363	82,233
Loss before tax	(7,137)	(3,434)
Loss for the period / year	(7,350)	(3,561)

The net asset value of the Target Company as at 31 December 2022 was approximately HK\$58,844,000.

REASONS FOR AND BENEFITS OF THE ACQUISITION

In January 2023, the Purchaser received a notice from the Seller that it intended to dispose of the Sale Interest, over which the Purchaser has pre-emptive right. Having considered the benefits that the Purchaser will obtain full control over the Target Company after the Completion, the Purchaser exercised the pre-emptive right to acquire the Sale Interest.

The Board considers that it would be in the Company's interest to acquire the Sale Interest as opposed to the Seller selling the Sale Interest to another party, which may give rise to uncertainty in shareholder dynamics. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company. This would facilitate more effective implementation of the business strategies and business expansion plans of the Company in respect of the Target Company's business.

The terms of the Agreements were determined after arm's length negotiations between the Group and the Seller. In light of the reasons above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer Agreement are fair and reasonable, the Equity Transfer Agreement is on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Acquisition is more than 5% but below 25%, the Acquisition under the Equity Transfer Agreement constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement pursuant to Chapter 14 of the Listing Rules.

As the Seller is a connected person of the Company at the subsidiary level by virtue of being a substantial shareholder of the Target Company, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. By virtue of Rule 14A.101 of the Listing Rules, as (i) the Seller is a connected person of the Company at the subsidiary level; (ii) the transactions contemplated under the Equity Transfer Agreement are on normal commercial terms; and (iii) the Board (including all the independent non-executive Directors) have approved the transactions and confirmed that the transactions are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole, the transactions contemplated under the Equity Transfer Agreement are subject to reporting and announcement but are

exempted from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. None of the Directors has any interest in the Acquisition and is required to abstain from voting on the same at the relevant meeting of the Board.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Interest by the Purchaser from the Seller in accordance with the terms of the Equity Transfer Agreement
“Board”	the board of Directors
“Company”	Tianda Pharmaceuticals Limited 天大藥業有限公司, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 00455)
“Completion”	completion of the transactions contemplated under the Equity Transfer Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB23,500,000 (equivalent to approximately HK\$25,600,000), being the total consideration for the Acquisition
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the Equity Transfer Agreement dated 1 August 2023 entered into by the Seller and the Purchaser in relation to the Acquisition
“Group”	the Company and its subsidiaries
“Guarantor”	Tianda Pharmaceuticals (Zhuhai) Ltd.* (天大藥業(珠海)有限公司), a company established under the laws of the PRC with limited liability and is a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan (unless otherwise indicated)

“Purchaser”	Yunyu Bio-Pharmaceutical Co., Limited (雲玉生物製藥有限公司*), a company established under the laws of British Virgin Islands and is a wholly-owned subsidiary of the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	the registered and paid-up capital in amount of RMB16,200,000 of the Target Company, which is legally and beneficially owned by Seller, representing 45% of the entire equity interest in the Target Company
“Seller”	Yunnan Li Nuo Biotechnology Co. Ltd.* (雲南利諾生物技術有限公司), a shareholder of the Target Company holding 45% of the entire equity interest in the Target Company before the Acquisition, a company established under the laws of the PRC
“Share(s)”	the ordinary share(s) in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Target Company”	Yunnan Meng Sheng Pharmaceutical Co. Ltd.* (雲南盟生藥業有限公司), a limited company established under the laws of PRC
“%”	per cent.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.09 : RMB1.00. No representation is made that any amounts in RMB have been or could be converted at the above rate or at any other rates or at all.

* For identification purposes only

By Order of the Board
Tianda Pharmaceuticals Limited
Fang Wen Quan
Chairman and Managing Director

Hong Kong, 1 August 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 Dr. XIAN Yanfang.