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天大藥業有限公司

TIANDA PHARMACEUTICALS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00455)

**(I) REVISION OF EXPIRY DATE FOR EXISTING CONTINUING
CONNECTED TRANSACTION WITH TCH (CHINA) GROUP
AND
(II) RENEWAL OF FRAMEWORK AGREEMENT
WITH TCH (CHINA) GROUP**

2024 FRAMEWORK AGREEMENT

References are made to the Announcements in relation to the 2022 Framework Agreement.

The 2022 Framework Agreement shall expire on 31 March 2025. The Board is pleased to announce that, on 18 December 2024 (after trading hours), the Company and TCH (China) entered into the 2024 Framework Agreement, pursuant to which, the Company and TCH (China) agreed (i) to revise the expiry date of the 2022 Framework Agreement from 31 March 2025 to 31 December 2024 for the purpose of aligning the relevant period of annual cap with the financial year end date of the Company; and (ii) renew the agreement for purchasing the Package Products and Designing Services from TCH (China) Group for the period from 1 January 2025 to 31 December 2027.

LISTING RULES IMPLICATIONS

TCH (China) is a connected person of the Company as it is a subsidiary of Tianda Group Limited, the controlling shareholder of the Company. Accordingly, the 2024 Framework Agreement and the transactions contemplated under the 2024 Framework Agreement constitute continuing connected transactions for the Company. Since the applicable percentage ratios exceed 0.1% but are less than 5%, the transactions contemplated under the 2024 Framework Agreement will be exempt from the independent shareholders' approval requirements, but is subject to the reporting, announcement and annual review requirements set out in Chapter 14A of the Listing Rules.

INTRODUCTION

References are made to the Announcements in relation to the 2022 Framework Agreement in relation to, among other things, the continuing transactions contemplated under the 2022 Framework Agreement with TCH (China) for a term of three years ending 31 March 2025, and revision of annual caps and relevant periods of annual caps to align with the change of financial year end date of the Company from 31 March to 31 December.

The Board notes that the 2022 Framework Agreement shall expire on 31 March 2025. Therefore, the Board is pleased to announce that, on 18 December 2024 (after trading hours), the Company and TCH (China) entered into the 2024 Framework Agreement, pursuant to which, the Company and TCH (China) agreed to (i) revise the expiry date of the 2022 Framework Agreement from 31 March 2025 to 31 December 2024, in order to align the annual cap relevant period with the financial year end date of the Group; and (ii) renew the agreement for purchasing the Package Products and Designing Services from TCH (China) Group for the period from 1 January 2025 to 31 December 2027.

2024 FRAMEWORK AGREEMENT

Principal terms of the 2024 Framework Agreement

Date:	18 December 2024 (after trading hours)
Parties:	(1) the Company (for itself and on behalf of its subsidiaries); and (2) TCH (China) (for itself and on behalf of its subsidiaries)
Subject matter:	(1) the expiry date of the 2022 Framework Agreement shall be revised from 31 March 2025 to 31 December 2024; and (2) renew the agreement for purchasing the Package Products and Designing Services from TCH (China) Group for the period from 1 January 2025 to 31 December 2027.
Nature of transactions:	The Group would purchase and TCH (China) Group would supply the Package Products and Designing Services. The Package Products and Designing Services include printed instruction leaflets, packaging boxes and related products and designing services. The transactions for the purchases of Package Products and Designing Services shall be provided on normal commercial terms.

Price determination: The prices of the transactions will be determined by the parties in arm's length negotiations with reference to the prevailing market prices. If there are no comparable prices in the market, the transactions have been consistently conducting in the normal commercial terms, or on terms were no less favourable than those available to independent third parties.

Ensuring to achieve these commercial terms, the Group adopts standard operating procedures for the purchases of Package Products and Designing Services mainly including the following procedures:

- (i) perform qualification and selection of printing and designing service suppliers and update qualified printing and designing service suppliers list 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 for 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;
- (v) TCH (China) Group, being one of printing and designing service suppliers in the market, is also required to go through the same processes as other independent suppliers.

Historical transaction amounts

Based on the Group's audited financial statements, the amount of the transactions for purchasing Package Products and Designing Services by the Group from the TCH (China) Group for the year ended 31 December 2023 and nine months ended 31 December 2022 amounted to approximately HK\$14.9 million and HK\$10.5 million respectively. According to the latest unaudited management accounts for the ten months ended 31 October 2024, the relevant amount is approximately HK\$5.7 million.

Proposed New Annual Caps

The proposed New Annual Caps of the transactions contemplated under the 2024 Framework Agreement for the year ending 31 December 2025, 31 December 2026 and 31 December 2027 are HK\$18.0 million, HK\$18.0 million and HK\$18.0 million respectively, which have been determined primarily with reference to (i) the historical transaction amounts; (ii) the expected demand for the purchases of Package Products and Designing Services.

REASONS AND BENEFITS FOR ENTERING INTO THE 2024 FRAMEWORK AGREEMENT

Since the financial year end date of the Company has been changed from 31 March to 31 December, for aligning the relevant periods of the annual cap with the financial year end date of the Company, the revision of the expiry date of the 2022 Framework Agreement from 31 March 2025 to 31 December 2024 is fair and reasonable and is in the interest of the Company and its Shareholders as a whole.

Pursuant to the 2024 Framework Agreement, the Group will continue to purchase the Package Products and Designing Services from TCH (China) Group. This arrangement is in the interest of the Group for the following reasons:

- (i) the purchases from TCH (China) Group will be at competitive prices not less favourable than those that the Group can obtain from suppliers which are independent third parties;
- (ii) TCH (China) Group is familiar with the Group's product specifications, standards and requirements and the Group has confidence in the quality of the Package Products and Designing Services supplied by TCH (China) Group; and
- (iii) it is crucial for the Group to maintain the quality of the Package Products and Designing Services for the Group's existing and future production needs. In view of the Group's past purchasing experience with TCH (China) Group, TCH (China) Group can effectively fulfill the Group's requirements of product quality.

OPINION OF THE BOARD

The Directors (including the independent non-executive Directors) consider that the terms of the 2024 Framework Agreement and the proposed New Annual Caps are fair and reasonable, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

TCH (China) being a subsidiary of Tianda Group Limited and Mr. Fang Wen Quan, the Chairman of the Board and the Managing Director, has the entire equity interest in Tianda Group Limited and Mr. Lui Man Sang was appointed as an executive Director by Tianda Group Limited. Therefore, they are considered to have a material interest in the transactions. Besides, Mr. Feng Quanming was appointed as a non-executive Director by Hongta Group and Hongta Group has substantial equity interests in Cheng Cheng, a major subsidiary of TCH (China), so he is considered to have interests in the transactions. Each of Mr. Fang Wen Quan, Mr. Lui Man Sang and Mr. Feng Quanming has not taken part in the voting to approve the 2024 Framework Agreement. Save as disclosed above, none of the Directors has a material interest in the 2024 Framework Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

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

As TCH (China) is a subsidiary of Tianda Group Limited, the controlling shareholder of the Company, it is a connected person of the Company. Accordingly, the 2024 Framework Agreement and the transactions contemplated under the 2024 Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratios exceed 0.1% but are less than 5%, the transactions contemplated under the 2024 Framework Agreement will be exempt from the independent shareholders' approval requirements, but is subject to the reporting, announcement and annual review requirements set out in Chapter 14A of the Listing Rules.

DEFINITION

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

“2022 Framework Agreement”	the framework agreement dated 1 April 2022 entered into between the Company and TCH (China) for purchasing Package Products and Designing Services by the Group from TCH (China) Group
“2024 Framework Agreement”	the new framework agreement dated 18 December 2024 entered into between the Company and TCH (China) in relation to (i) revision of the expiry date of 2022 Framework Agreement to 31 December 2024; and (ii) purchasing Package Products and Designing Services by the Group from TCH (China) Group for the three years ending 31 December 2027
“Announcements”	the announcements of the Company dated 1 April 2022 and 29 December 2022 in relation to, among others, the 2022 Framework Agreement and the transactions contemplated thereunder
“Board”	the board of Directors of the Company

“Cheng Cheng”	珠海經濟特區誠成印務有限公司 (Zhuhai S.E.Z. Cheng Cheng Printing Co., Ltd.*), a Taiwan, Hong Kong and Macau and domestic joint venture enterprise established under the laws of the PRC with limited liability, and in which Tianda Group Limited and Hongta Group owns 60% and 40% of its equity respectively
“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 2024 Framework 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
“Hongta Group”	紅塔煙草(集團)有限責任公司 (Hongta Tobacco (Group) Limited*), a state-owned enterprise established in Yunnan Province, a shareholder of the Company whose held approximately 9.66% interest in the issued share capital of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Annual Cap(s)”	the expected maximum amount of purchasing Package Products and Designing Services by the Group from TCH (China) Group for the years ending 31 December 2025, 31 December 2026 and 31 December 2027
“Package Products and Designing Services”	printed instruction leaflets, packaging boxes and related products and designing services

“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)
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCH (China)”	天大文化控股(中國)有限公司 (Tianda Culture Holdings (China) Limited*), is the subsidiary of Tianda Group Limited, the controlling Shareholder of the Company
“TCH (China) Group”	TCH (China) and its subsidiaries including but not limited to Cheng Cheng and its existing subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

* *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, 18 December 2024

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. ZHONG Tao and Mr. FENG Quanming; and the independent non-executive directors are Mr. LAM Yat Fai, Mr. CHIU Sung Hong and Dr. XIAN Yanfang.