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CONTINUING CONNECTED TRANSACTIONS 2022 ANNUAL CAP EXCEEDED

Reference is made to the announcement of Tianda Pharmaceuticals Limited dated 9 April 2021 (the “CCT Announcement”) in relation to, among other things, the annual cap (the “2022 Annual Cap”) for sales of products and provision of product logistics services (the “Sales and Services CCT”) by the Group to SPH Group for the year ended 31 March 2022. Capitalised terms used herein shall have the same meanings as those defined in the CCT Announcement.

In the course of finalising the annual results of the Group for the year ended 31 March 2022 (“FY2022”), it came to the Company’s attention that the transaction amount of the Sales and Services CCT for FY2022 was approximately HK\$18.8 million (the “Actual Transaction Amount”), which exceeded the 2022 Annual Cap of HK\$18 million by approximately HK\$0.8 million (the “Exceeded Amount”). As at 31 March 2022, all applicable percentage ratios under the Listing Rules in respect of the Actual Transaction Amount of the Sales and Services CCT were less than 5%.

The Exceeded Amount is mainly attributable to the higher-than-expected demand for our products and services from SPH Group, especially in the last quarter of FY2022. The Directors consider that the exceeding of the approved annual cap was an inadvertent oversight and an isolated event. In order to prevent the occurrence of similar events in the future, the Company will take the following measures to further strengthen the relevant internal monitoring procedures:

1. arranging regular trainings for our employees, including the business operation, finance and internal audit departments, to strengthen their knowledge of Listing Rules and improve their awareness of the importance of compliance with the relevant Listing Rules;
2. conducting more frequent reviews on the transactions with any connected persons;
3. enhancing more robust supervision over the transaction amounts incurred under the continuing connected transactions of the Group. For example, when the transaction amount reaches 80% or more of the relevant annual cap at any time, the matter shall promptly be reported to the Board, which will determine the appropriate measures to be taken, including but not limited to revising the relevant annual cap and seeking approval from the independent shareholders of the Company in accordance with the requirements of the Listing Rules, if necessary; and

4. the Group's internal auditor will monitor the effectiveness and adequacy of the relevant internal control system, and make recommendations and reports to the audit committee of the Company on a regular basis.

The Company will strictly comply with the requirements under the Listing Rules should there be any necessary adjustments on the annual caps of the Sales and Services CCT for the years ending 31 March 2023 and 2024.

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

Hong Kong, 24 June 2022

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.