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同方康泰產業集團有限公司
Tongfang Kontafarma Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1312)

**DISCLOSEABLE TRANSACTION
IN RELATION TO THE PROVISION OF LOAN**

THIRD LOAN EXTENSION AGREEMENT

Allied Wangchao, as the lender, and the Borrower have entered into the Third Loan Extension Agreement, pursuant to which the term of the Loan is extended for one year.

LISTING RULES IMPLICATIONS

As one or certain of the applicable Percentage Ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Loan, exceed 5% but are less than 25%, the Loan constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Allied Wangchao, as the lender, and the Borrower entered into the Loan Agreement on 18 July 2016, pursuant to which Allied Wangchao agreed to lend a loan of RMB35,000,000 to the Borrower for a term of one year at an interest rate of 12% per annum. The maturity date of the loan was 17 July 2017.

On 18 July 2017, Allied Wangchao and the Borrower entered into the First Loan Extension Agreement, pursuant to which Allied Wangchao and the Borrower agreed to extend the term of the loan of RMB39,258,333.35, being the sum of the principal and interest under the Loan Agreement, for a period that commenced from 18 July 2017 and ended on 31 December 2017.

On 31 December 2017, Allied Wangchao and the Borrower entered into the Second Loan Extension Agreement, pursuant to which Allied Wangchao agreed to extend the term of the loan of RMB41,443,713.89, being the sum of the principal and interest under the First Loan Extension Agreement, for three months from 1 January 2018 up to 31 March 2018.

The Borrower has made, and Allied Wangchao has agreed to the request for extending the term of the Loan for one year. They have entered into the Third Loan Extension Agreement to set out the terms and conditions of such extension.

THIRD LOAN EXTENSION AGREEMENT

Date

24 April 2018

Parties

- (1) Allied Wangchao, as the lender; and
- (2) the Borrower.

Amount of the Loan

RMB42,687,025.31 (equivalent to approximately HK\$53,359,000), being the sum of the principal and interest under the Second Loan Extension Agreement.

Term

The term is for one year from 1 April 2018 to 31 March 2019. On receiving notice from the Borrower 60 days prior to maturity, Allied Wangchao may agree to extend the term of the Loan and such agreement shall be evidenced in writing.

Interest

At 12% per annum to be settled by the Borrower on a quarterly basis during the term of the Loan

Guarantor

The Guarantor provides personal guarantee whereby he assumes joint and several liability for the Borrower's responsibility to fulfil its obligations under the Third Loan Extension Agreement for a period commencing from 1 April 2018 until the Loan is fully repaid.

Repayment on demand

Allied Wangchao may require the Borrower to early repay the principal amount, together with outstanding interest, of the relevant Loan if, among others, (i) the Borrower does not pay interest in a timely manner, (ii) the Borrower is involved or may be involved in any material litigation or is recognised as a person against whom a judgment or order is to be executed, or (iii) circumstances which may cause the Borrower to not be able to fulfil its repayment obligations have arisen or will likely arise.

Default Payment

In the event that the Borrower fails to repay all the principal amount and interest in accordance with the repayment schedule, the Borrower shall be liable to bear (i) a default payment which is calculated at the rate of 0.05% per day on the total outstanding amount, in addition to the interest payable and (ii) the expenses that Allied Wangchao incurs in order to realise its debt against the Borrower.

Early repayment

On 15 days' prior written notice, the Borrower may early repay the principal amount, together with outstanding interest, if any, of the Loan.

Repayment by equity interest in the Borrower

Allied Wangchao has an irrevocable right to require the Borrower to repay the whole or part of the Loan with equity interest of equal value in the Borrower.

REASONS FOR AND BENEFITS OF THE EXTENSION OF THE LOAN

The terms of the Third Loan Extension Agreement, including the interest rate and default rate applicable, were agreed by the parties after arm's length negotiations having taken into account of the prevailing market interest rates and practices. The Directors consider that the loan arrangement would help enhance the efficiency in the use of the Group's working capital and that it would be beneficial to the Group in terms of return and risk control.

In view of the above, the Directors believe that the Transaction is in the interests of the Company and the Shareholders as a whole and the terms are fair and reasonable.

GENERAL

Information of the Company and Allied Wangchao

The Company is a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board.

Allied Wangchao, whose equity interest is indirectly held as to 100% by the Company.

The Company is an investment holding company. The Group is principally engaged in (1) the manufacturing and sales of prescription drugs and laboratory related products, and pharmaceutical research and testing in the PRC; (2) the operation of fitness centres and provision of consultation services for fitness and health activities in Singapore, Taiwan and the PRC; and (3) the manufacturing and sales of cement and clinker, trading of cement and provision of technical services with operations in the Shandong province and Shanghai, PRC.

Information of the Borrower and the Guarantor

The Borrower is a company that was established in the PRC with limited liability and principally engages in the sale of dyed cloth, printed cloth, flannel, denim and clothing.

The Guarantor is the sole and ultimate beneficial owner of the Borrower.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower and the Guarantor are Independent Third Parties.

LISTING RULES IMPLICATIONS

As one of the or certain applicable Percentage Ratios stipulated under Rule 14.07 of the Listing Rules in respect of the Loan, exceed 5% but are less than 25%, the Loan constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Allied Wangchao”	Shandong Allied Wangchao Cement Limited* (山東聯合王晁水泥有限公司), a company incorporated in the PRC with limited liability and an indirect wholly owned subsidiary of the Company
“Board”	the board of Directors
“Borrower”	the borrower under the Loan Agreement and the Loan Extension Agreements, being a company established in the PRC with limited liability and an Independent Third Party
“Company”	Tongfang Kontafarma Holdings Limited (同方康泰產業集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the directors of the Company
“First Loan Extension Agreement”	the loan extension agreement (借款展期合同) dated 18 July 2017 entered into between Allied Wangchao and the Borrower pursuant to which the parties agreed to extend the term of the Loan for a period from 18 July 2017 to 31 December 2017
“Group”	the Company and its subsidiaries

“Guarantor”	the sole and ultimate beneficial owner of the Borrower, who provides personal guarantee for the Borrower’s obligations under the Third Loan Extension Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a third party independent of the Company and the connected persons (has the meaning ascribed to it under the Listing Rules) of the Company
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan in principal amount of RMB42,687,025.31 (equivalent to approximately HK\$53,359,000) provided by Allied Wangchao to the Borrower pursuant to the terms of the Third Loan Extension Agreement
“Loan Agreement”	the loan agreement (借款合同) dated 18 July 2016 entered into between Allied Wangchao and the Borrower
“Loan Extension Agreements”	the First Loan Extension Agreement, the Second Loan Extension Agreement and the Third Loan Extension Agreement
“Main Board”	the Main Board of the Stock Exchange
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Loan Extension Agreement”	the loan extension agreement (借款展期合同) dated 31 December 2017 entered into between Allied Wangchao and the Borrower pursuant to which the parties agreed to extend the term of the Loan for three months from 1 January 2018 up to 31 March 2018
“Shareholder(s)”	holder(s) of the issued share(s) of HK\$0.002 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Loan Extension Agreement”	the loan extension agreement (借款展期合同) dated 24 April 2018 entered into between Allied Wangchao and the Borrower pursuant to which the parties agreed to extend the term of the Loan for one year
“Transaction”	the transactions contemplated under the Third Loan Extension Agreement, pursuant to which the term of Loan is extended for one year
“%”	per cent

By order of the Board of
Tongfang Kontafarma Holdings Limited
Ng Qing Hai
Executive Director

Hong Kong, 24 April 2018

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB0.80 = HK\$1. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Huang Yu (Chairman), Mr. Jiang Chaowen (Chief Executive Officer) and Mr. Ng Qing Hai; and three independent non-executive Directors, namely Mr. Chan Sze Chung, Mr. Zhang Ruibin and Mr. Zhang Junxi Jack.

* *For identification purposes only*