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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 AND CONNECTED TRANSACTION**  
**EXTENSION OF LOANS**

**THE FOURTH EXTENSION FRAMEWORK AGREEMENT**

Reference is made to (i) the announcement of the Company dated 23 May 2014 in relation to the provision of the First Loan, (ii) the announcement of the Company dated 2 July 2014 in relation to the provision of the Second Loan, (iii) the announcement of the Company dated 22 May 2015 in relation to the extension of the First Loan and the Second Loan, (iv) the announcement of the Company dated 27 May 2016 in relation to the extension of the First Loan and the Second Loan, and (v) the announcement of the Company dated 26 May 2017 in relation to the extension of the First Loan and the Second Loan.

Shanghai Building Material has made, and Shanghai SAC has agreed to, (i) the request for extending the term of the First Loan for one year and (ii) the request for extending the term for borrowing the Extended Second Loan for one year. Both parties have agreed that Shanghai SAC will not entrust a bank to provide the Loans but will directly provide the Loans to Shanghai Building Material. They have entered into the Fourth Extension Framework Agreement to set out the terms and conditions for such extensions.

**LISTING RULES IMPLICATIONS**

As the applicable Percentage Ratio(s) in relation to the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the equity interest of Shanghai SAC is held as to 60% by AII-Shanghai (whose issued share capital is in turn indirectly held as to 83.33% by the Company) and as to 40% by Shanghai Building Material. Shanghai Building Material, as a substantial shareholder of Shanghai SAC, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company.

As the Transaction is a connected transaction between the Group and a connected person at the subsidiary level on normal commercial terms, it is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of Chapter 14A of the Listing Rules.

## **INTRODUCTION**

Reference is made to (i) the announcement of the Company dated 23 May 2014 in relation to the provision of the First Loan, (ii) the announcement of the Company dated 2 July 2014 in relation to the provision of the Second Loan, (iii) the announcement of the Company dated 22 May 2015 in relation to the extension of the First Loan and the Second Loan, (iv) the announcement of the Company dated 27 May 2016 in relation to the extension of the First Loan and the Second Loan, and (v) the announcement of the Company dated 26 May 2017 in relation to the extension of the First Loan and the Second Loan.

On 23 May 2014, Shanghai SAC, Shanghai Building Material and a bank entered into the First Loan Documents, pursuant to which Shanghai SAC entrusted the bank to provide the First Loan to Shanghai Building Material for a term of one year. The maturity date of the First Loan was 26 May 2015.

On 2 July 2014, Shanghai SAC, Shanghai Building Material and a bank entered into the Second Loan Documents, pursuant to which Shanghai SAC entrusted the bank to provide the Second Loan to Shanghai Building Material for a term of one year. The maturity date of the Second Loan was 3 July 2015.

On 22 May 2015, Shanghai Building Material and Shanghai SAC entered into the First Extension Framework Agreement which set out the terms and conditions for extending the term of each of the First Loan and the Second Loan to be provided through a bank for one year. The maturity dates of the First Loan and the Second Loan were extended to 26 May 2016 and 1 July 2016 respectively.

On 27 May 2016, Shanghai Building Material and Shanghai SAC entered into the Second Extension Framework Agreement which set out the terms and conditions for extending the term of each of the First Loan and the Second Loan to be provided through a bank for one year. The maturity dates of the First Loan and the Second Loan were extended to 29 May 2017 and 30 June 2017 respectively.

On 26 May 2017, Shanghai Building Material and Shanghai SAC entered into the Third Extension Framework Agreement which set out the terms and conditions for extending the term of each of the First Loan and the Second Loan to be provided through a bank for one year. The maturity dates of the First Loan and the Second Loan were extended to 29 May 2018 and 28 June 2018 respectively.

As at the date of this announcement, Shanghai Building Material has made an early repayment of RMB20,000,000 out of the Second Loan.

Shanghai Building Material has made, and Shanghai SAC has agreed to, (i) the request for extending the term of the First Loan for one year and (ii) the request for extending the term for borrowing the Extended Second Loan for one year, being the remaining RMB58,000,000 out of the Second Loan. Both parties have agreed that Shanghai SAC will not entrust a bank to provide the Loans but will directly provide the Loans to Shanghai Building Material. They have entered into the Fourth Extension Framework Agreement to set out the terms and conditions for such extensions.

## **FOURTH EXTENSION FRAMEWORK AGREEMENT**

### **Date**

24 April 2018

### **Parties**

- (1) Shanghai SAC, as the lender; and
- (2) Shanghai Building Material, as the borrower.

### **Amount of the Loans**

First Loan	RMB54,000,000 (equivalent to HK\$67,500,000)
Extended Second Loan	RMB58,000,000 (equivalent to HK\$72,500,000)
<b>Total</b>	<b>RMB112,000,000</b> <b>(equivalent to HK\$140,000,000)</b>

### **Time for remittance of the Loans**

In order to terminate the arrangement under the Third Extension Framework Agreement whereby Shanghai SAC entrusted a bank for the provision of loans to Shanghai Building Material, the First Loan and the Extended Second Loan had to be returned to Shanghai SAC through the said bank by Shanghai Building Material.

Shanghai SAC will remit each of the Loans to Shanghai Building Material within 90 days after execution of the Fourth Extension Framework Agreement.

### **Term**

The term of each of the First Loan and the Extended Second Loan shall be extended for one year commencing from the date on which Shanghai SAC pays each of the First Loan and the Extended Second Loan to Shanghai Building Material by depositing the same into bank account(s) as designated by Shanghai Building Material respectively.

If Shanghai SAC does not require Shanghai Building Material to fully repay the Loan 60 days before the end of the term of each of the First Loan and the Extended Second Loan, each of the First Loan and the Extended Second Loan will be automatically extended for one year, during which the Transaction will be conducted based on the terms of the Fourth Extension Framework Agreement.

On receiving written notice from Shanghai Building Material 60 days prior to maturity of the automatically extended term, Shanghai SAC may agree to further extend the term of each of the First Loan and the Extended Second Loan for a period to be negotiated and agreed on in writing between Shanghai SAC and Shanghai Building Material.

### **Interest**

At 4.15% per annum to be settled by Shanghai Building Material on a quarterly basis during the term of each of the Loans

### **Repayment on demand**

On 60 days' prior notice, Shanghai SAC may require Shanghai Building Material to repay the principal amount, together with outstanding interest, if any, of the relevant Loan(s).

### **Default payment**

In the event that Shanghai Building Material fails to repay all the principal amount and interest in accordance with the repayment schedule, Shanghai Building Material shall be liable to 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.

### **Early repayment**

On 30 days' prior written notice, Shanghai Building Material may early repay the principal amount, together with outstanding interest, if any, of the relevant Loan(s).

## **REASONS FOR AND BENEFITS OF THE EXTENSION OF THE LOANS**

The terms of the Fourth Extension Framework 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 have approved the Transaction and the independent non-executive Directors have confirmed that the Transaction is on normal commercial terms (but not in the ordinary and usual course of business of the Group) and 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 Shanghai SAC**

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.

Shanghai SAC, whose equity interest is held as to 60% by AII-Shanghai whose issued share capital is in turn indirectly held as to 83.33% 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 Shanghai Building Material**

Shanghai Building Material is a state-owned enterprise holding 40% equity interest in Shanghai SAC. Shanghai Building Material is engaged in, among other things, (i) manufacture of glass, cement and new materials made including rockwool, tubing and waterproof substances; (ii) trading of building materials; and (iii) building decorative work and construction.

## **LISTING RULES IMPLICATIONS**

As the applicable Percentage Ratio(s) in relation to the Transaction is more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the equity interest of Shanghai SAC is held as to 60% by AII-Shanghai (whose issued share capital is in turn indirectly held as to 83.33% by the Company) and as to 40% by Shanghai Building Material. Shanghai Building Material, as a substantial shareholder of Shanghai SAC, is therefore a connected person of the Company. Accordingly, the Transaction constitutes a connected transaction of the Company.

As the Transaction is a connected transaction between the Group and a connected person at the subsidiary level on normal commercial terms, it is only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of Chapter 14A of the Listing Rules.

The Board has resolved and approved the Fourth Extension Framework Agreement. As none of the Directors has material interest in the Fourth Extension Framework Agreement, no Director has abstained from voting on the relevant board resolutions of the Company.

## DEFINITIONS

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

“AII-Shanghai”	AII-Shanghai Inc., a company incorporated in the British Virgin Islands with limited liability and whose issued share is indirectly held as to 83.33% by the Company
“Board”	the board of Directors
“Company”	Tongfang Kontafarma Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Extended Second Loan”	the loan in the principal amount of RMB58,000,000 (equivalent to approximately HK\$72,500,000) out of the Second Loan that is provided by Shanghai SAC to Shanghai Building Material under the Fourth Extension Framework Agreement
“First Loan”	the loan in the principal amount of RMB54,000,000 (equivalent to approximately HK\$67,500,000) provided by Shanghai SAC to Shanghai Building Material, details of which were disclosed in the announcement of the Company dated 23 May 2014
“First Loan Documents”	the loan agreement (借款合同) dated 23 May 2014 entered into between Shanghai SAC and Shanghai Building Material, and the entrusted loan agreement (委託貸款合同) dated 23 May 2014 entered into between Shanghai SAC, a bank and Shanghai Building Material, in relation to the First Loan, details of which were disclosed in the announcement of the Company dated 23 May 2014
“First Extension Framework Agreement”	the loan agreement (借款合同) dated 22 May 2015 entered into between Shanghai SAC and Shanghai Building Material pursuant to which the parties agreed to extend the term of each of the First Loan and the Second Loan
“Fourth Extension Framework Agreement”	the loan agreement (借款合同) dated 24 April 2018 entered into between Shanghai SAC and Shanghai Building Material pursuant to which the parties have agreed to extend the term of each of the Loans

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan(s)”	the First Loan and the Extended Second Loan
“Main Board”	the Main Board of The Stock Exchange of Hong Kong Limited
“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”	the loan in the principal amount of RMB78,000,000 (equivalent to approximately HK\$97,500,000) provided by Shanghai SAC to Shanghai Building Material, details of which were disclosed in the announcement of the Company dated 2 July 2014
“Second Loan Documents”	the loan agreement (借款合同) dated 2 July 2014 entered into between Shanghai SAC and Shanghai Building Material, and the entrusted loan agreement (委託貸款合同) dated 2 July 2014 entered into between Shanghai SAC, a bank and Shanghai Building Material, in relation to the Second Loan, details of which were disclosed in the announcement of the Company dated 2 July 2014
“Second Extension Framework Agreement”	the loan agreement (借款合同) dated 27 May 2016 entered into between Shanghai SAC and Shanghai Building Material pursuant to which the parties have agreed to extend the term of each of the First Loan and the Second Loan
“Shanghai Building Material”	Shanghai Building Material (Group) Company Limited* (上海建材(集團)有限公司) (formerly known as Shanghai Building Material (Group) General Company* (上海建築材料(集團)總公司)), a state-owned enterprise holding 40% equity interest of Shanghai SAC

“Shanghai SAC”	Shanghai Allied Cement Co., Ltd.* (上海聯合水泥有限公司), a company incorporated in the PRC with limited liability and whose equity interest is held as to 60% by AII-Shanghai and as to 40% by Shanghai Building Material
“Shareholder(s)”	holder(s) of the issued share(s) of HK\$0.002 each in the share capital of the Company
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Third Extension Framework Agreement”	the loan agreement (借款合同) dated 26 May 2017 entered into between Shanghai SAC and Shanghai Building Material pursuant to which the parties have agreed to extend the term of each of the First Loan and the Second Loan
“Transaction”	the transactions contemplated under the Fourth Extension Framework Agreement
“%”	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*