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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)**

**MAJOR TRANSACTION**  
**DISPOSAL OF THE ENTIRE INTEREST IN**  
**A WHOLLY-OWNED SUBSIDIARY**

**THE DISPOSAL**

On 27 June 2018 (after trading hours), the Company, the Disposal Company (being a direct wholly-owned subsidiary of the Company as at the date of this announcement) and the Purchaser entered into the Disposal Agreement, pursuant to which (i) the Purchaser conditionally agreed to advance the Shareholder's Loan in the sum of HK\$380,000,000 to the Disposal Company at Completion; and (ii) the Company and the Purchaser further agreed that, subject to the completion of such advancement of the Shareholder's Loan by the Purchaser to the Disposal Company, the Company will simultaneously transfer the Sale Share, representing all the share capital of the Disposal Company held by the Company at the sale price of HK\$1 upon Completion. As at the date of this announcement, the Disposal Group is indebted to the Lenders (being Independent Third Parties) for the Loans in the aggregate principal amount of HK\$380,000,000. The Shareholder's Loan will be applied by the Disposal Company to repay the principal amount of the Loans at Completion.

Also, as at the date of this announcement, the Company owed the Disposal Company a debt for the sum of HK\$98,507,278. At Completion, as part of the Consideration relating to the Disposal, the Company, the Disposal Company and the Purchaser will enter into the Deed of Novation pursuant to which the Purchaser will assume the liabilities under the said debt of HK\$98,507,278 (i.e. the Novated Debt) upon Completion and the Company will be discharged from the Novated Debt which will then be owed by the Purchaser to the Disposal Company.

The Disposal Group is principally engaged in the manufacturing and sale of cement and clinker and trading of cement in the PRC. Upon Completion, the Disposal Group will cease to be subsidiaries of the Company.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceed 25% but are below 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## WRITTEN SHAREHOLDER'S APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal Agreement and the transaction contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Disposal Agreement and the transactions thereunder.

On 27 June 2018, the Company has obtained a written Shareholder's approval from China Health, a controlling shareholder directly holding 3,165,974,000 Shares, representing approximately 56.60% of the issued share capital of the Company as at the date of this announcement, for approving the Disposal Agreement and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the approval of the Disposal Agreement and the transactions contemplated thereunder.

## GENERAL

Pursuant to Rule 14.41 of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Disposal and other information required under the Listing Rules within 15 business days after the publication of this announcement, that is, on or before 19 July 2018.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Disposal Agreement and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing with the Shares and other securities of the Company.**

## THE DISPOSAL

On 27 June 2018 (after trading hours), the Company, the Disposal Company and the Purchaser entered into the Disposal Agreement regarding the advancement of the Shareholder's Loan by the Purchaser to the Disposal Company, the transfer of the Sale Share by the Company to the Purchaser and assumption of liabilities under the Novated Debt by the Purchaser in place of the Company upon Completion.

## THE DISPOSAL AGREEMENT

Date: 27 June 2018 (after trading hours)

Parties:

- (1) the Company
- (2) the Disposal Company, being a direct wholly-owned subsidiary of the Company as at the date of this announcement
- (3) Zenith Element Limited (盛元有限公司), a company incorporated under the laws of the BVI with limited liability

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner(s) are Independent Third Parties.

## **Entire interest in the Disposal Company to be disposed of in consideration of advancement of the Shareholder's Loan, transfer of the Sale Share and the assumption of the Novated Debt**

Pursuant to the Disposal Agreement, (i) the Purchaser conditionally agreed to advance the Shareholder's Loan in the sum of HK\$380,000,000 to the Disposal Company at Completion; and (ii) the Company and the Purchaser further agreed that, in consideration of the Purchaser agreeing to advance the Shareholder's Loan to the Disposal Company, subject to the completion of such advancement, the Company will simultaneously transfer the Sale Share, representing all the share capital of the Disposal Company held by the Company at the sale price of HK\$1 upon Completion, as a result of which the Disposal Company will be entirely held by the Purchaser.

As at the date of this announcement, the Disposal Group is indebted to the Lenders (being Independent Third Parties) for the Loans in the aggregate principal amount of HK\$380,000,000. The Shareholder's Loan will be applied by the Disposal Company to repay the principal amount of the Loans at Completion.

Also, as at the date of this announcement, the Company owed the Disposal Company a debt for the sum of HK\$98,507,278. As part of the Consideration for the Disposal, at Completion, the Company, the Disposal Company and the Purchaser will enter into the Deed of Novation pursuant to which the Purchaser will assume the liabilities under the said debt of HK\$98,507,278 (i.e. the Novated Debt) effective from the date of Completion and the Company will be discharged and released from the Novated Debt which will then be owed by the Purchaser to the Disposal Company.

Therefore, the effective total consideration to the Purchaser is HK\$478,507,279.

### **Condition precedent**

Completion is conditional upon and subject to the following conditions:

- (i) the due diligence review on the Disposal Group having been completed to the satisfaction of the Purchaser;
- (ii) the warranties respectively given by the Company and the Purchaser remaining true and accurate in all material respects and not misleading in any material respect as at Completion;
- (iii) the Disposal Agreement and the transactions contemplated thereunder be approved by the Shareholder(s) in accordance with the Listing Rules and the applicable laws and regulations by way of written Shareholder's approval or otherwise by passing the requisite resolution(s) at a general meeting of the Company; and
- (iv) where applicable, the obtaining of all necessary approvals, confirmations, waiver or consents from the relevant government or regulatory authorities or any third parties which are required for the execution and performance of the Disposal Agreement and the transactions contemplated thereunder, and such approvals, confirmations, waiver or consents not having been revoked or withdrawn.

If the conditions set out above have not been satisfied (or as the case may be, waived) on or before the Long Stop Date, the Disposal Agreement shall cease and terminate and thereafter neither party shall have any obligations and liabilities towards each other hereunder. Among the conditions mentioned above, only the condition under the aforesaid paragraph (ii) can be waived by the Company (in respect of the warranties given by the Purchaser) and only the conditions under the aforesaid paragraphs (i) and (ii) (in respect of the warranties given by the Company) and (iv) can be waived by the Purchaser.

### **Deed of Indemnity**

On Completion, the Company and the Purchaser will enter into the Deed of Indemnity whereby the Company undertakes to the Purchaser to indemnify it against any tax liabilities in relation to the business activities of the Disposal Group prior to Completion.

### **Completion**

Completion shall take place within five Business Days after the fulfilment or waiver (as the case may be) of the conditions precedent set out in the Disposal Agreement or such other date as the Company and the Purchaser may agree in writing.

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company and the Group will cease to engage in the manufacturing and sales of cement and clinker and trading of cement (the “**Cement Business**”).

### **INFORMATION OF THE GROUP**

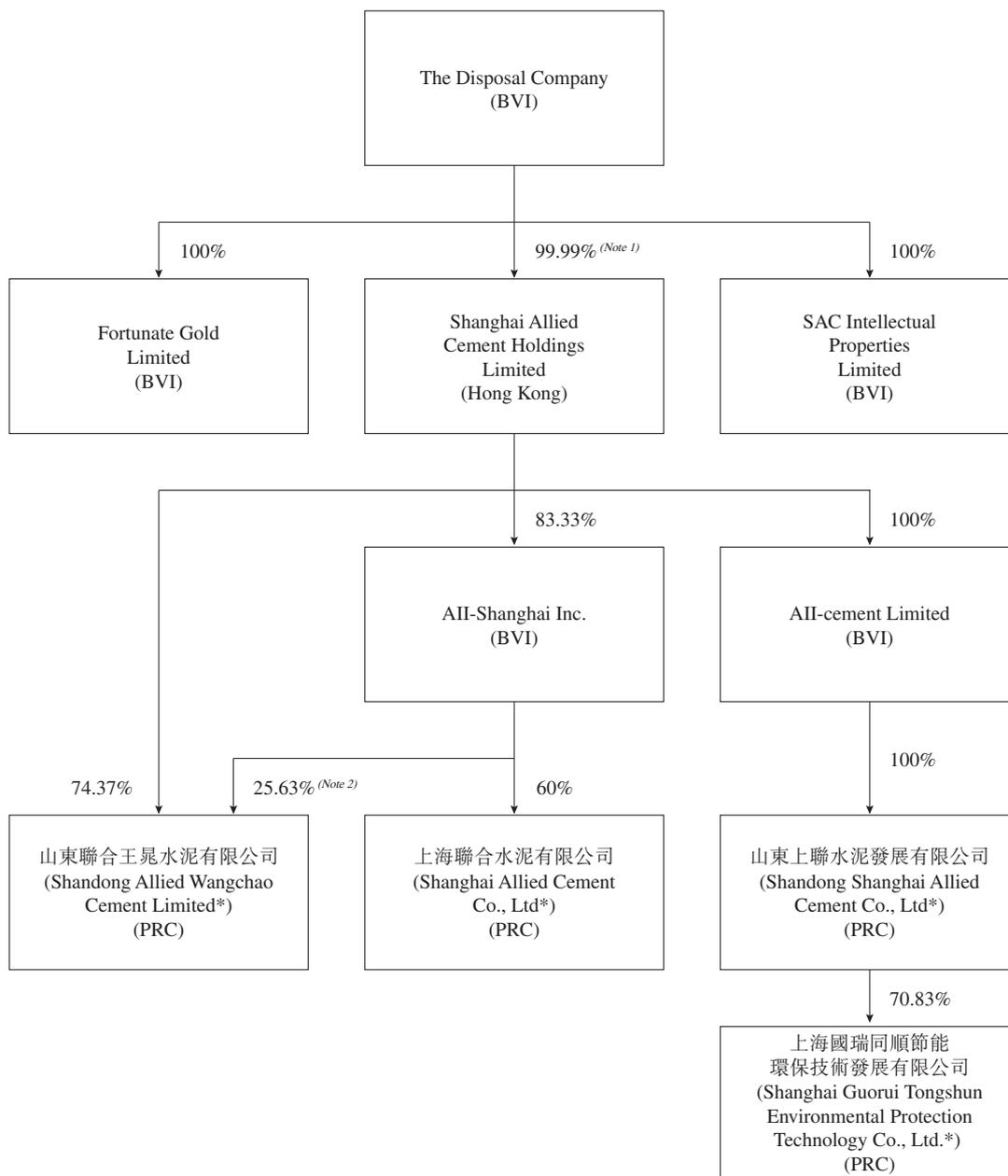
The Company is an investment holding company and the Group is currently principally engaged in (i) the manufacturing and sales of prescription drugs and laboratory related products (the “**Medical, Pharmaceutical and Health Business**”); (ii) the operation of fitness centres and provision of consultation services for fitness and health activities and the operation of franchise business for royalty and service fee income (the “**Fitness Business**”); and (iii) the Cement Business.

### **INFORMATION OF THE PURCHASER**

The Purchaser, being an Independent Third Party, is a company incorporated under the laws of the BVI with limited liability and is principally engaged in investment holding.

## INFORMATION OF THE DISPOSAL GROUP

The Disposal Company is a company incorporated in the BVI with limited liability, which is principally engaged in investment holding. The Disposal Group is principally engaged in the manufacturing and sale of cement and clinker and trading of cement in the PRC. The current group structure of the Disposal Group is set out below:



### Notes:

- 1) The remaining equity interests in Shanghai Allied Cement Holdings Limited are held on trust for and on behalf of the Disposal Company.
- 2) This 25.63% equity interests in Shangdong Allied Wangchao Cement Limited\* was held by AII-Shanghai Inc. on trust for and on behalf of Shanghai Allied Cement Holdings Limited.

Set out below is a summary of the key financial data of the Disposal Group for the two years ended 31 December 2017 which are prepared in accordance with the HKFRSs:

	<b>For the year ended 31 December 2016 (unaudited) HK\$'000</b>	<b>For the year ended 31 December 2017 (unaudited) HK\$'000</b>
Total revenue	508,818	761,473
Net profit before tax and extraordinary items	19,957	783
Net profit/(loss) after tax and extraordinary items	13,441	(4,179)

As at 31 December 2017, the unaudited consolidated net asset value of the Disposal Group attributable to the Company was approximately HK\$344.68 million.

### **FINANCIAL EFFECT OF THE DISPOSAL**

Upon Completion, the Group will cease to have any interests in the Disposal Group, and the financial results of the Disposal Group will no longer be consolidated in the financial statements of the Group.

Upon Completion, the Group expects to record an estimated loss of approximately HK\$246.17 million as a result of the Disposal. The actual loss as a result of the Disposal to be recorded by the Group is subject to audit to be performed by the auditors of the Company. The Company will be discharged and released from the Novated Debt with effect from the Completion. Also, given the Loans will no longer be the liabilities consolidated into the Group, the pressure on working capital of the Group posed by the need of repayment of the Loans will be eased. Since the Disposal Group is loss making, it is expected the earnings of the Group will improve after Completion.

### **REASONS FOR THE DISPOSAL AND BASIS OF THE CONSIDERATION**

The Group has all along been making enormous effort with attempt to enhance the production and operation efficiency in the Cement Business which requires considerable amounts of capital expenditure. The Disposal Group, being a relatively small-scale operator in the cement market, has been facing great challenges in competing with other market players with larger operational scale which benefit from economies of scale and higher cost efficiency in the production and trading of cement. Positioned in the competitive cement market which is directly affected by the macroeconomic cycle and regulatory regime in the PRC, the Disposal Group demonstrated its effort to adjust its business strategies from time to time in response to the intense competitive market environment. For example, as disclosed in the annual report of the Company for the year ended 31 December 2014, the operation of the plant of Shandong Shanghai Allied Cement Co., Ltd\* (“SSAC”) was temporarily suspended at relevant period due to the significant drop in the market price of slag powder. Since then, the Disposal Group has been actively exploring the possibility of transforming and upgrading the products and technology of SSAC to cope with keen competition in the market. Another example demonstrating the effort made by the Disposal Group was its application for approval of the proposed development of new cement production facilities at Bailonggang, Pudong, Shanghai as disclosed in the interim report and the annual report of the Group for the six months ended

30 June 2016 and the year ended 31 December 2016 respectively. Such application was made on the premise of a plan to develop production facilities proposed to be equipped with more advanced equipment to achieve improved production efficiency. However, despite the continuing efforts made by the Disposal Group in pursuing the said application, final approval has yet been obtained up to now and the timing on implementation of the plan cannot be ascertained.

In 2016, the Disposal Group has obtained the Loans from the Lenders in the aggregate principal amount of HK\$380,000,000. The Loans were applied to repay the bank loans of the Disposal Group. The maturity date of the Loans was originally 29 June 2018 which was extended to 31 July 2018 as mutually agreed between the Disposal Company and the Lenders. In view of forthcoming maturity of the Loans, the Group has been since earlier this year negotiating with the Lenders for the renewal of the Loans and considering possible sources of funding for repayment of the Loans. The Lenders refused the renewal of the Loans and only agreed the extension of the Loans by one month to allow the Company to raise fund for repayment of the Loans. The Group has approached certain banks for a term loan of HK\$380,000,000. Yet, the proposed terms and conditions of the facilities offered by the banks whom the Group approached were, in the view of the Company, not favourable to the Group as a whole. Equity financing by way of issue of new Shares by the Company was also considered. However, taking into account of the dilution effect on shareholding further to the issue of consideration Shares as disclosed in the announcement of the Company dated 23 January 2018, the Company considered that equity financing should not be an appropriate option in obtaining funding to repay the Loans. Meanwhile, the Company continues to observe the obstacles that the Disposal Group, a relatively small-scale operator in the PRC cement market, would face in striving to improve its overall business performance. As disclosed in the Company's annual report for the year ended 31 December 2017 published on 26 April 2018, the cement market faced increasing challenges as a result of the declining investment in fixed assets under the macroeconomic-cycles in the PRC and the increasingly stringent environmental regulatory framework in the PRC. The unstable market demand and increasing compliance cost in connection with the cement market had led to increasing uncertainties in the future prospect of the Cement Business. After exploring available means to source the funding and appraising the performance and prospects of the Cement Business in the course of evaluating the overall business plan of the Group, the Company examined the possible disposal of the Cement Business.

The stagnant performance of the Cement Business was illustrated by certain relevant financial data. In spite that the Cement Business contributed the majority revenue to the Group for the year ended 31 December 2017 (approximately 56.64% of the total revenue), the gross profit margins of the Cement Business remained low, being approximately 6.30% and 9.47% for the year ended 31 December 2016 and 2017 respectively which were the lowest among different business segments of the Group.

On the other hand, since the acquisitions of the Medical, Pharmaceutical and Health Business and the Fitness Business (collectively, the "**Remaining Business**") by the Group in 2016 and 2017, respectively, the Remaining Business has recorded significant growth through organic development and expansion.

Set out below is the consolidated financial information of the (i) Tongfang Pharmaceutical Group (being the members of the Group held by Tongfang Pharmaceutical principally engaged in the Medical, Pharmaceutical and Health Business); and (ii) True Cayman Group (being the members of the Group held by True Cayman principally engaged in the Fitness Business) prepared in accordance with PRC GAAP and IFRS, respectively, for the years ended 31 December 2016 and 2017:

**(i) Tongfang Pharmaceutical Group (Note)**

	<b>For the year ended 31 December 2016 (unaudited) RMB'000</b>	<b>For the year ended 31 December 2017 (unaudited) RMB'000</b>
Total revenue	228,754	306,333
Net profit before taxation and extraordinary items	29,587	35,808
Net profit after taxation and extraordinary items	22,559	36,334

As at 31 December 2017, the unaudited consolidated net asset value of the Tongfang Pharmaceutical Group was approximately RMB197.93 million.

*Note:* The Group completed the acquisition of the Medical, Pharmaceutical and Health Business on 12 July 2016 whereupon the financial performance of Tongfang Pharmaceutical Group has been consolidated into financial statements of the Group.

**(ii) True Cayman Group (Note)**

	<b>For the year ended 31 December 2016 (unaudited) HK\$'000</b>	<b>For the year ended 31 December 2017 (unaudited) HK\$'000</b>
Total revenue	257,515	355,453
Net profit before taxation and extraordinary items	432	24,893
Net profit after taxation and extraordinary items	432	18,205

As at 31 December 2017, the unaudited consolidated net asset value of the True Cayman Group was approximately HK\$132.42 million.

*Note:* The Group completed the acquisition of the Fitness Business on 29 May 2017 whereupon the financial performance of True Cayman Group has been consolidated into financial statements of the Group.

During the year ended 31 December 2017, the Remaining Business has experienced significant growth. The financial performance of Tongfang Pharmaceutical Group has been consolidated into the financial statements of the Group since 2016. Its business has then been expanding and remarkable performance has been demonstrated for 2017. The total revenue of approximately RMB306.33 million and a net profit (after taxation and extraordinary items) of approximately RMB36.33 million have been recorded for 2017, representing a year-on-year increase of approximately 33.78% and 61.06% respectively. The gross profit margins of the Medical, Pharmaceutical and Health Business were approximately 61.47% and 49.88% for the year ended 31 December 2016 and 2017 respectively. In respect of the Fitness Business which was acquired more than a year ago in May 2017, vigorous growth has also been recorded in 2017 when compared to 2016. The total revenue generated from the Fitness Business in 2017 was approximately HK\$355.45 million, representing a year-on-year increase of approximately 38.03%. Its net profit before and after taxation and extraordinary items recorded respectively 57.62 times and 42.14 times growth compared to that of 2016 which was mainly attributable to the franchise income generated from the franchise arrangement pursuant to which the Group is the franchisor entitling to franchise income since 2017 which will continue on recurring basis and is expected to contribute steady cashflow to the Group. The gross profit margin of the Fitness Business was approximately 20.63% for the year ended December 2017. The Board is optimistic about the future prospect and growth potential of the Remaining Business in the long term and expects that such business will become the growing driver of the Group going forward.

As disclosed in the circular of the Company dated 27 February 2018, the Company has been evaluating the performance and prospect of different business segments of the Group from time to time in order to formulate the overall business strategies and plan in support of the sustainable growth and development of the Group. The Company would take into account various factors during the evaluation like the relevant external business environment which may have an impact on the Group's operations, the prevailing market sentiment toward the business segments that the Group has been conducting, the regulatory regime applicable to such business segments and the necessary actions required to be taken by the Group in adapting to any changes in regulations and the incidental costs that may be incurred by the Group as well as the economic and social evolution in relevant places where the Group has business especially those related to the PRC.

Having considered the overall performance of different segments of the Group, the unavoidable heavy capital expenditure required for the Cement Business in improving the production efficiency, the pressure on cash flow of the Group after spending of heavy capital expenditure, the increasing challenges and limited prospects of the cement market and the forthcoming maturity of the Loans, the Company is determined to focus on developing and expanding the business segments with robust growth which in turn will bring higher return to the Shareholders. The Directors are of the view that the Disposal represents a good opportunity for the Group to deploy its resources in a more optimal way by concentrating the resources on the Remaining Business.

The terms and conditions of the Disposal, the Consideration of the Disposal (including the advancement of the Shareholder's Loan in the sum of HK\$380,000,000 by the Purchaser to the Disposal Company, the sale price of HK\$1 payable by the Purchaser to the Company for the Sale Share and the assumption of the Novated Debt by the Purchaser) were negotiated on arm's length basis and on normal commercial terms between the Company, the Disposal Company and the Purchaser with reference to various factors, including (i) the forthcoming maturity of the Loans; (ii) the internal resources of the Group and the available means of sourcing funds for repayment of the Loans; (iii) the impact on the Group if the Group fails to repay the Loans when it falls due; (iv) the Disposal Group was loss making for the year ended 31 December 2017; (v) the willingness of the Purchaser to provide the Shareholder's Loan and assume the Novated Debt which will discharge the Group's significant liabilities relating to the Disposal Group; and (vi) the difficult operation environment of the Disposal Group as being a relatively small-scale cement operator in the PRC.

The Company is confident that the Remaining Business operated by the Group since 2016 is a viable and sustainable business which has already demonstrated a proven track record and is expected to contribute further growth of the Group which in turn will enhance the overall return to the Shareholders.

After thorough consideration of the above factors, the Directors consider that the terms of the Disposal Agreement (including the Consideration) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **LISTING RULES IMPLICATION**

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceed 25% but are below 75%, the Disposal constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

#### **WRITTEN SHAREHOLDER'S APPROVAL**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has a material interest in the Disposal Agreement and the transaction contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Disposal Agreement and the transactions thereunder.

On 27 June 2018, the Company has obtained a written Shareholder's approval from China Health, a controlling shareholder directly holding 3,165,974,000 Shares, representing approximately 56.60% of the issued share capital of the Company as at the date of this announcement, for approving the Disposal Agreement and the transactions contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the approval of the Disposal Agreement and the transactions contemplated thereunder.

## GENERAL

Pursuant to Rule 14.41 of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Disposal and other information required under the Listing Rules within 15 business days after the publication of this announcement, that is, on or before 19 July 2018.

**Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Disposal Agreement and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing with the Shares and other securities of the Company.**

## DEFINITIONS

Unless otherwise defined, the following expressions in this announcement have the following meanings:

“Board”	the board of Directors;
“Business Day”	a day other than public holiday on which banks are generally open for business in the Hong Kong;
“BVI”	British Virgin Islands;
“China Health”	China Health Management Investment Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which holds approximately 56.60% interest in the Company as at the date of this announcement;
“Company”	Tongfang Kontafarma Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1312);
“Completion”	the completion of the Disposal;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the advancement of the Shareholder’s Loan in the sum of HK\$380,000,000 by the Purchaser to the Disposal Company, the sale price of HK\$1 payable by the Purchaser to the Company for the Sale Share and the assumption of the Novated Debt by the Purchaser contemplated under the Disposal Agreement;
“Deed of Indemnity”	the deed of indemnity to be entered into between the Company and the Purchaser on Completion in relation to the tax liabilities of the Disposal Group prior to Completion;

“Deed of Novation”	the deed of novation to be entered into between the Company, the Disposal Company and the Purchaser on Completion pursuant to which the Purchaser will assume the liabilities under the Novated Debt which is currently due by the Company to the Disposal Company;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal of the entire interest in the Disposal Company by the Company to the Purchaser in consideration of advancement of the Shareholder’s Loan, the transfer of the Sale Share by the Company to the Purchaser and the related assumption of the Novated Debt by the Purchaser pursuant to the terms of the Disposal Agreement;
“Disposal Agreement”	the conditional sale and purchase agreement dated 27 June 2018 entered into between the Company, the Disposal Company and the Purchaser in relation to the Disposal;
“Disposal Company”	Splendid Link Limited ( 鉅聯有限公司 ), a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of the Company as at the date of this announcement;
“Disposal Group”	the Disposal Company and its subsidiaries;
“Group”	the Company and its subsidiaries, and where the context requires, excluding the Disposal Group after Completion;
“HKFRSs”	the Hong Kong Financial Reporting Statements;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“IFRS”	the International Financial Reporting Standards;
“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Lenders”	the two lenders, each being an Independent Third Party, who advanced the Loans to the Disposal Group;

“Loans”	the principal amount of the loans advanced by the Lenders to the Disposal Group aggregately amounting to HK\$380,000,000 which is originally due on 29 June 2018 and extended to 31 July 2018;
“Long Stop Date”	31 July 2018, or such other date as the Company and the Purchaser may agree in writing;
“Novated Debt”	the debts for the sum of HK\$98,507,278 currently due by the Company to the Disposal Group;
“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, and for the purpose of this announcement, excluding Hong Kong and Macau Special Administrative Region of the People’s Republic of China;
“PRC GAAP”	the PRC Generally Accepted Accounting Principles;
“Purchaser”	Zenith Element Limited (盛元有限公司), a company incorporated under the laws of the BVI with limited liability and an Independent Third Party;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Share”	one ordinary share of US\$1 in the share capital of the Disposal Company legally and beneficially owned by the Company, representing all the share capital of the Disposal Company held by the Company upon Completion;
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Shareholder’s Loan”	the shareholder’s loan in the sum of HK\$380,000,000 to be advanced by the Purchaser to the Disposal Company at Completion;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tongfang Pharmaceutical”	同方藥業集團有限公司 (Tongfang Pharmaceutical Group Co., Ltd*), a company established under the laws of the PRC and an indirect wholly owned subsidiary of the Company;
“Tongfang Pharmaceutical Group”	Tongfang Pharmaceutical and its subsidiaries;

“True Cayman”	TFKT True Holdings, a company incorporated in the Cayman Islands with limited liability and a non-wholly owned subsidiary of the Company indirectly owned by it as to 54%;
“True Cayman Group”	True Cayman and its subsidiaries;
“US\$”	US dollars, the lawful currency of the United States of America; and
“%”	per cent.

By order of the Board of  
**Tongfang Kontafarma Holdings Limited**  
**Huang Yu**  
*Chairman*

Hong Kong, 27 June 2018

*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*