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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
TERMINATION OF PURCHASE AGREEMENT III

This announcement is made by Tongfang Kontafarma Holdings Limited (the “**Company**”) pursuant to Rule 14.36 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the announcement of the Company dated 3 October 2012 and the circular of the Company dated 15 November 2012 (the “**Circular**”) in relation to, among others, a transaction for purchase of equipment and machineries by Shanghai Allied Cement Co., Ltd.* (上海聯合水泥有限公司) (“**Shanghai SAC**”) as the purchaser from Sinoma Technology & Equipment Group Co. Ltd.* (中材裝備集團有限公司) (“**Sinoma Technology**”) as the supplier. Unless otherwise defined in this announcement, terms used in this announcement shall have the same meanings as those defined in the Circular.

TERMINATION AGREEMENT

The Board announces that, on 23 April 2019, Shanghai SAC and Sinoma Technology entered into the termination agreement (the “**Termination Agreement**”), pursuant to which Shanghai SAC and Sinoma Technology mutually agreed to terminate the Purchase Agreement III with immediate effect. Upon execution of the Termination Agreement, the obligations and duties of Shanghai SAC and Sinoma Technology under the Purchase Agreement III have been released. Sinoma Technology has never supplied to Shanghai SAC any equipment or machinery under the Purchase Agreement III due to the proposed postponement of the commencement of the Bailonggang Project as disclosed below and, therefore, the first payment paid by Shanghai SAC to Sinoma Technology under the Purchase Agreement III, being RMB44.65 million, will be fully returned to Shanghai SAC by instalment in accordance with the terms of the Termination Agreement.

REASONS FOR ENTERING INTO THE TERMINATION AGREEMENT

As disclosed in the Circular, the equipment and machineries under the Purchase Agreement III were purchased for future use in the Bailonggang Project. On 26 January 2014, Shanghai Municipal Development and Reform Commission issued the approval

letter for the commencement of the Bailonggang Project which had an effective period of two years from the date of its issue. The Group has thereafter applied for a postponement of the commencement of the Bailonggang Project as required by the PRC government. As at the date of this announcement, the Group is endeavouring to procure the relevant government authority to approve the said application for the postponement of the commencement of the Bailonggang Project.

On 20 February 2019, Shanghai SAC received a notice from Sinoma Technology, whereby Shanghai SAC was informed that Sinoma Technology would undergo corporate reorganisation to be merged with other corporation(s) and would be dissolved thereafter.

As such, Shanghai SAC and Sinoma Technology entered into further discussions and reached consensus as to the termination of the Purchase Agreement III and mutual release from their respective rights and obligations thereunder.

The Board is of the view that (i) the Termination Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole and (ii) the termination of the Purchase Agreement III will not have any material adverse effect on the current operation and financial position of the Group.

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

Hong Kong, 24 April 2019

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

* *For identification purposes only*