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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
ACQUISITION OF LAND USE RIGHTS IN BAOJI,
SHAANXI PROVINCE, THE PRC

ACQUISITION OF LAND USE RIGHTS IN BAOJI, THE PRC

On 22 January 2021, Shaanxi Unisplendour, an indirect non wholly-owned subsidiary of the Company, entered into the Land Use Rights Assignment Contract with Baoji Natural Resources and Planning Bureau in respect of the acquisition of land use rights of the Land which is located at Baoji, Shaanxi, the PRC at a consideration of RMB25,700,000.

In connection with development and expansion of the pharmaceutical and health business of the Group, the Group plans to utilize the Land by establishing a new production base which will principally focus on the manufacturing of Chinese medicines.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

ACQUISITION OF LAND USE RIGHTS IN BAOJI, THE PRC AND THE LAND USE RIGHTS ASSIGNMENT CONTRACT

On 22 January 2021, Shaanxi Unisplendour, an indirect non wholly-owned subsidiary of the Company, entered into the Land Use Rights Assignment Contract with Baoji Natural Resources and Planning Bureau in respect of the acquisition of land use rights of the Land which is located at Baoji, Shaanxi, the PRC at a consideration of RMB25,700,000. The principal terms of the Land Use Rights Assignment Contract are summarized below:

- Parties : (1) Shaanxi Unisplendour
(2) Baoji Natural Resources and Planning Bureau
- To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Baoji Natural Resources and Planning Bureau and its ultimate beneficial owners are third parties independent of the Company and its connected persons.
- Location of the Land : South side of Keji Xincheng Hi-tech Avenue, east side of Chuangye Road, and north side of Industrial Avenue, Hi-tech Industrial Development District, Baoji City, Shaanxi Province, the PRC* (中國陝西省寶雞市高新技術產業開發區科技新城高新大道以南、創業路以東、產業大道以北).
- Total site area of the Land : 69,674.67 sq.m.
- Plot ratio of the Land : Not less than 0.8.
- Permitted land uses and term : Industrial use for a term of 50 years from the date of delivery of the Land.
- Consideration and payment terms : The Consideration in total amount of RMB25,700,000, being the final winning bid made by Shaanxi Unisplendour, is payable as follows:
- (1) the first instalment in the amount of RMB13,000,000 shall be settled on or before 23 January 2021; and
 - (2) the second instalment in the amount of RMB12,700,000 shall be settled on or before 8 March 2021.

The Consideration will be funded by internal resources of the Group.

Liability for breach : Shaanxi Unisplendour may be liable for breach of the Land Use Rights Assignment Contract upon the occurrence of the following events:

- (1) If Shaanxi Unisplendour fails to timely pay the Consideration, Shaanxi Unisplendour shall be liable to make an additional default payment equal to 0.1% of the unpaid consideration for each day of delay, and if the delay is more than 60 days, Baoji Natural Resources and Planning Bureau shall be entitled to terminate the Land Use Rights Assignment Contract and claim for damages against Shaanxi Unisplendour; and
- (2) If Shaanxi Unisplendour fails to commence construction by 1 March 2021 or fails to complete the development of the Land by 31 July 2022 (which may subject to extension by consent), Shaanxi Unisplendour shall be liable to pay a default payment equal to 0.1% of the Consideration for each day of delay.

REASONS FOR AND BENEFITS OF THE ACQUISITION

Shaanxi Unisplendour is a direct wholly-owned subsidiary of Shaanxi Life Care, which is in turn owned by the Group as to 66%. These members of the Group play an important role in the Group's development of pharmaceutical and health business, in specific, they are principally engaged in business in the Chinese medicine-related fields, including the planting, manufacturing and distribution of Chinese medicines and operating of a production facility in Baoji, Shaanxi. In view of the long-term development plan of the Group, having taken into account the factors determining the Consideration for the Acquisition, among other matters, the fact that the Land was acquired through bidding process in the open market and the future development of the Land in support of the development strategy of the Group, the Board decided to enter into the Land Use Rights Assignment Contract.

In connection with development and expansion of the pharmaceutical and health business of the Group, the Group plans to utilize the Land by establishing a new production base which will principally focus on the manufacturing of Chinese medicines. In particular, complex office buildings, comprehensive workshops, Chinese medicines warehouses and affiliated facilities will be constructed to enhance the Group's production capacity for Chinese medicines. The Board believes that the Acquisition is in alignment with the Group's overall strategy and would benefit its long-term business development in pharmaceutical and health segment.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable and on normal commercial terms and are in the interests of the Company and Shareholders as a whole.

INFORMATION OF THE PARTIES

The Group

The Company is an investment holding company and the Group is currently principally engaged in (i) manufacturing and sales of prescription drugs, including chemical drugs and prescribed traditional Chinese medicines, and laboratory related products in the PRC; and (ii) operating fitness centres and providing consultation services for fitness and health activities, and operating franchise business for royalty fee income.

Shaanxi Unisplendour

Shaanxi Unisplendour is a company incorporated in the PRC with limited liability and is an indirect non wholly-owned subsidiary of the Company. Its principal business is manufacturing and distribution of medicines.

Baoji Natural Resources and Planning Bureau

Baoji Natural Resources and Planning Bureau is a local governmental body of the PRC, which is responsible for, among other things, managing land resources in Baoji Hi-tech Industrial Development District, the PRC.

IMPLICATIONS ON THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition is more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements, but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of land use rights of the Land by Shaanxi Unisplendour in accordance with the terms and conditions of the Land Use Rights Assignment Contract
“Baoji Natural Resources and Planning Bureau”	Natural Resources and Planning Bureau of Baoji Hi-tech Industrial Development District* (寶雞高新技術產業開發區自然資源和規劃局)
“Board”	the board of Directors
“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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	RMB25,700,000, being the total consideration for the Acquisition payable by Shaanxi Unisplendour
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	a parcel of land located at south side of Keji Xincheng Hi-tech Avenue, east side of Chuangye Road, and north side of Industrial Avenue, Hi-tech Industrial Development District, Baoji City, Shaanxi Province, the PRC* (中國陝西省寶雞市高新技術產業開發區科技新城高新大道以南、創業路以東、產業大道以北) with a site area of approximately 69,674.67 sq.m.
“Land Use Rights Assignment Contract”	the State-owned Construction Land Use Rights Assignment Contract (國有建設用地使用權出讓合同) entered into between Shaanxi Unisplendour and Baoji Natural Resources and Planning Bureau on 22 January 2021 in respect of the Acquisition
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shaanxi Life Care”	Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.* (陝西紫光辰濟藥業有限公司), a company incorporated in the PRC and an indirect non wholly-owned subsidiary of the Company
“Shaanxi Unisplendour”	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.* (陝西紫光高新藥業有限公司), a company incorporated in the PRC and an indirect non wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“sq.m.”	square metre(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board of
Tongfang Kontafarma Holdings Limited
Chai Hongjie
Chairman

Hong Kong, 22 January 2021

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Chai Hongjie (Chairman), Mr. Huang Yu (President), Mr. Wei Bingzhang 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*