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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  
IN RELATION TO  
THE CONSTRUCTION CONTRACTS**

**THE CONSTRUCTION CONTRACTS**

On 20 April 2021, Chongqing Kangle, an indirect non-wholly owned subsidiary of the Company, entered into the Construction Contracts with Beijing Qingkong, pursuant to which Chongqing Kangle agreed to engage Beijing Qingkong as the general contractor to carry out the construction works for the Chongqing Production Base Project at the contract price of RMB34,936,651.39 (subject to adjustments).

**LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the transaction contemplated under the Construction Contracts is more than 5% but less than 25% as calculated under Rule 14.07 of the Listing Rules, the transaction contemplated under the Construction Contracts constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Beijing Qingkong is an indirect non-wholly owned subsidiary of Shenzhen Warranty, which is, through China Health, the controlling shareholder and thus a connected person of the Company. Accordingly, Beijing Qingkong is an associate of Shenzhen Warranty and a connected person of the Company and the transaction contemplated under the Construction Contracts constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Construction Contracts and the transaction contemplated thereunder. China Health (directly holding 56.77% of the issued share capital of the Company) and its associates shall abstain from voting on the resolution approving the Construction Contracts and the transaction contemplated thereunder at the EGM.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to consider the terms of the Construction Contracts and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Construction Contracts are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, after taking into account the advice from the Independent Financial Adviser.

Amasse Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) a letter from the Board containing further information on the Construction Contracts and the transaction contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) a notice convening the EGM together with the proxy form, will be despatched to the Shareholders on or before 11 May 2021.

## **THE CONSTRUCTION CONTRACTS**

On 20 April 2021, Chongqing Kangle, an indirect non-wholly owned subsidiary of the Company, entered into the Construction Contracts with Beijing Qingkong, pursuant to which Chongqing Kangle agreed to engage Beijing Qingkong as the general contractor to carry out the construction works for the Chongqing Production Base Project at the consideration of RMB34,936,651.39 (subject to adjustments).

The principal terms of the Construction Contracts are set out below:

**Date:** 20 April 2021

**Parties:** (i) Chongqing Kangle, as the principal  
(ii) Beijing Qingkong, as the contractor

**Project scope:** Pursuant to the Construction Contracts, Beijing Qingkong, as a general contractor, is responsible for the construction of newly built construction building, production ancillary building, finished products warehouse and affiliated facilities for the Chongqing Production Base Project, including ground and foundation works, main structure works, fitting out and decoration works, electrical works, water supply and drainage works, ventilation and air conditioning works, intelligent building engineering and landscaping works.

**Contract period:** 360 days

**Construction contract price:** The total contract sum is estimated to be RMB34,936,651.39, which is subject to adjustments with reference to the published price of labour and materials in Chongqing and the applicable tax rate. The contract price was arrived at by a tender process conducted by the Group for the Chongqing Production Base Project. The Group selected Beijing Qingkong as the tender winner after conducting relevant evaluation procedures and taking into consideration of various factors, including technical experience, professional qualifications, business reputation and project management abilities of bidders and the fee quotations. In particular, the quotation submitted by Beijing Qingkong was the lowest among the tenders received by the Group for the Chongqing Production Base Project. The Board (excluding the independent non-executive Directors, who will provide their opinions after receiving the advice from the Independent Financial Adviser) is of the view that the total contract price is fair and reasonable.

The total contract price will be funded by internal resources of the Group.

**Condition precedent:** The commencement of the Construction Contracts is conditional upon the Independent Shareholders having approved the Construction Contracts and the transaction contemplated thereunder.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE CONSTRUCTION CONTRACTS**

Being engaged in manufacturing and sales of prescription drugs, including chemical drugs and prescribed traditional Chinese medicines in the PRC, and laboratory related products, the Group currently owns several production bases in Beijing, Shaanxi and Chongqing. In view of the long-term development plan of the Group, the Board decided to establish a new production base which will principally focus on the manufacturing of high-tech products and chemical drugs in Changshou, Chongqing to supplement and expand the production capacity of the Group.

The Construction Contracts were awarded to Beijing Qingkong through a tendering process after evaluation of various factors including, among other things, the technical experience, professional qualifications, business reputation and project management abilities of the bidders and the fee quotations. In particular, the quotation submitted by Beijing Qingkong was the lowest among the tenders received by the Group for the Chongqing Production Base Project. Accordingly, the Board (excluding the independent non-executive Directors, who will provide their opinions after receiving the advice from the Independent Financial Adviser) considers that the terms of the Construction Contracts are fair and reasonable and on normal commercial terms and the entering into of the Construction Contracts is in the interests of the Company and Shareholders as a whole and would benefit the Group's long-term business development in pharmaceutical segment.

## **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 in the PRC, and laboratory related products; and (ii) operating of fitness centres and provision of consultation services for fitness and health activities, and operating of franchise business for royalty fee income.

### **Chongqing Kangle**

Chongqing Kangle 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 active pharmaceutical ingredients and intermediates active pharmaceutical ingredients.

## **Beijing Qingkong**

Beijing Qingkong is a company incorporated in the PRC with limited liability and is an indirect non-wholly owned subsidiary of Shenzhen Warranty. Its principal business is provision of construction and civil engineering services.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio in respect of the transaction contemplated under the Construction Contracts is more than 5% but less than 25% as calculated under Rule 14.07 of the Listing Rules, the transaction contemplated under the Construction Contracts constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Beijing Qingkong is an indirect non-wholly owned subsidiary of Shenzhen Warranty, which is, through China Health, the controlling shareholder and thus a connected person of the Company. Accordingly, Beijing Qingkong is an associate of Shenzhen Warranty and a connected person of the Company and the transaction contemplated under the Construction Contracts constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Construction Contracts and the transaction contemplated thereunder. China Health (directly holding 56.77% of the issued share capital of the Company) and its associates shall abstain from voting on the resolution approving the Construction Contracts and the transaction contemplated thereunder at the EGM.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to consider the terms of the Construction Contracts and the transaction contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Construction Contracts are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, after taking into account the advice from the Independent Financial Adviser.

Amasse Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) a letter from the Board containing further information on the Construction Contracts and the transaction contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser

containing its advice in connection with the aforesaid; and (iv) a notice convening the EGM together with the proxy form, will be despatched to the Shareholders on or before 11 May 2021.

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Beijing Qingkong”	Beijing Qingkong Zhongchuang Construction Co., Ltd.* (北京清控中創工程建設有限公司), a company incorporated in the PRC with limited liability, which is an indirect non-wholly owned subsidiary of Shenzhen Waranty
“Board”	the board of Directors
“China Health”	China Health Management Investment Limited, a company incorporated in the British Virgin Islands with limited liability, which holds approximately 56.77% shareholding of the Company as at the date of this announcement
“Chongqing Kangle”	Chongqing Kangle Pharmaceutical Co., Ltd.* (重慶康樂製藥有限公司), a company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company
“Chongqing Production Base Project”	the construction project of high-tech products and chemical drugs production base located at Changshou Economic and Technological Development District, Chongqing, the PRC
“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”	has the meaning ascribed to it under the Listing Rules
“Construction Contracts”	the construction contract and a supplemental agreement both dated 20 April 2021 entered into between Chongqing Kangle and Beijing Qingkong in respect of the Chongqing Production Base Project
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Construction Contracts and the transaction contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	a committee of the Board comprising Mr. Chan Sze Chung, Mr. Zhang Ruibin and Mr. Zhang Junxi Jack, all being the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Construction Contracts and the transaction contemplated thereunder
“Independent Financial Adviser”	Amasse Capital Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Construction Contracts and the transaction contemplated thereunder
“Independent Shareholders”	Shareholders who are not interested or involved in the Construction Contracts and the transaction contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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
“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
“Shenzhen Waranty”	Shenzhen Waranty Asset Management Co., Ltd.* (深圳市華融泰資產管理有限公司), a company incorporated in the PRC with limited liability, which indirectly holds 100% shareholding of China Health as at the date of this announcement

“Stock Exchange”      The Stock Exchange of Hong Kong Limited

%                              per cent

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

Hong Kong, 20 April 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 purpose only*