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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other registered institution dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tongfang Kontafarma Holdings Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 AND NOTICE OF EGM

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 4 to 9 of this circular. A letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 10 to 11 of this circular. A letter from Amasse Capital Limited, the Independent Financial Adviser, containing its advices to the Independent Board Committee and the Independent Shareholders in respect of the Construction Contracts and the transaction contemplated thereunder, is set out on pages 12 to 18 of this circular.

A notice convening the EGM to be held at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on Friday, 11 June 2021 at 11:00 a.m. is set out on pages 27 to 29 of this circular. A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.tfkf.com.hk>). Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

PRECAUTIONARY MEASURES AT THE EGM

Please see page 1 of this circular for measures being taken by the Company at the EGM to prevent and control the spreading of the Novel Coronavirus (“COVID-19”), including:

- (1) compulsory body temperature checks
- (2) compulsory wearing of a surgical mask
- (3) no distribution of corporate gift or serving of refreshment

Any person who does not comply with the precautionary measures (1) and (2) above or is subject to any Hong Kong Government prescribed compulsory quarantine may be denied entry into the meeting venue, at the discretion of the Company as permitted by the laws of Hong Kong. The Company reminds the Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the EGM as an alternative to attending the meeting in person.

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PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing COVID-19 pandemic, the following precautionary measures will be implemented at the EGM to ensure the health and safety of attending Shareholders, staff and other stakeholders:

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at the entrance of the meeting venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) Each attendee is requested to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats. Please note that no masks will be provided at the meeting venue and each attendee should bring his/her own mask.
- (iii) No refreshment will be served, and there will be no corporate gift.
- (iv) Each attendee may be asked whether (a) he/she had traveled outside of Hong Kong within the 14-day period immediately before the EGM; and (b) he/she is subject to any Hong Kong Government prescribed compulsory quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In the interest of all stakeholders' health and safety, the Company reminds all Shareholders that physical attendance at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and returning the accompanying form of proxy.

The Company will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risk to Shareholders and others attendees of the EGM and to comply with any requirements or recommendations of any government agencies from time to time.

The Company seeks the understanding and cooperation of all Shareholders to minimise the risk of community spread of COVID-19.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following respective 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 Latest Practicable Date
“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 certain ancillary facilities of a new production base for the production of high-tech products and chemical drugs 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
“COVID-19”	coronavirus disease 2019
“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

DEFINITIONS

“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
“Latest Practicable Date”	13 May 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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 circular, excludes 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 nominal value of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“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 Latest Practicable Date
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

* *For identification purpose only*

Reference to time and dates in this circular are to Hong Kong time and dates.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Chai Hongjie (*Chairman*)

Mr. Huang Yu (*President*)

Mr. Wei Bingzhang

Mr. Jiang Chaowen (*Chief Executive Officer*)

Registered Office:

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Independent Non-Executive Directors:

Mr. Chan Sze Chung

Mr. Zhang Ruibin

Mr. Zhang Junxi Jack

Head office and principal place of business:

15th Floor

Allied Kajima Building

138 Gloucester Road

Wanchai, Hong Kong

20 May 2021

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE CONSTRUCTION CONTRACTS
AND
NOTICE OF EGM**

INTRODUCTION

Reference is made to the announcement of the Company dated 20 April 2021 in relation to the Construction Contracts and the transaction contemplated thereunder. The purposes of this circular are to provide you with, 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 of the EGM together with the form of proxy.

LETTER FROM THE BOARD

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. For details of the tender process in respect of the Chongqing Production Base Project, please refer to the paragraph headed “Reasons for and benefits of the entering into of the Construction Contracts” below. The Board 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.

LETTER FROM THE BOARD

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 in the future. The high-tech products and chemical drugs to be manufactured at the new production base mainly include several types of chemical synthetic active pharmaceutical ingredients to be used in medication related to, *inter alias*, high uric acid levels, stomach diseases and inflammation. The transactions contemplated under the Construction Contracts mainly cover the construction of the ancillary facilities of the production base, including but not limited to, a research and development centre, office areas and warehouses.

The Construction Contracts were awarded to Beijing Qingkong through a tendering process. The Group has engaged a tendering agent, being a third party independent of the Company and its connected persons, to prepare the bidding document for the Chongqing Production Base Project. Tenders were received from three bidders including Beijing Qingkong and two other bidders, who are independent third parties of the Company and its connected persons. The contractor of the Chongqing Production Base Project was determined after evaluation by an independent committee comprising five qualified senior engineers in the PRC 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 Construction Contracts were awarded to Beijing Qingkong, having taken into consideration that, among other things, (i) the tender submitted by Beijing Qingkong conformed to the requirements set out in the bidding documents; (ii) Beijing Qingkong and its professional personnel hold the required qualification for the Chongqing Production Base Project; (iii) Beijing Qingkong was not included in the list of dishonest persons or other relevant blacklists or watch lists in the PRC or otherwise disqualified or prohibited from engaging in construction projects in Chongqing; and (iv) the quotation submitted by Beijing Qingkong was the lowest among the tenders received by the Group for the Chongqing Production Base Project.

In light of the above, the Board 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.

LETTER FROM THE BOARD

None of the Directors had a material interest in the Construction Contracts and the transaction contemplated thereunder, therefore no Director abstained from voting in respect of the Board resolutions approving the aforesaid.

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, which is in turn ultimately controlled by Shanxi State-owned Assets Supervision and Administration Commission* (山西省人民政府國有資產監督管理委員會). Its principal business is provision of construction and civil engineering services.

LISTING RULES IMPLICATIONS

As the highest application percentage ratio in respect of the transaction contemplated under the Construction Contracts is more than 5% but less than 25% as calculated under Rules 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.

LETTER FROM THE BOARD

EGM

The EGM will be convened and held at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on Friday, 11 June 2021 at 11:00 a.m. for the Independent Shareholders to consider and, if thought fit, to approve the Construction Contracts and the transaction contemplated thereunder. A notice convening the EGM is set out on pages 27 to 29 of this circular.

China Health (directly holding an aggregate of 3,172,778,000 Shares, representing approximately 56.77% of the entire issued share capital of the Company as at the Latest Practicable Date) and its associates shall abstain from voting on the resolution approving the Construction Contracts and the transaction contemplated thereunder at the EGM. Save as aforementioned, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, no other Shareholder has any material interest in the transaction contemplated under the Construction Contracts and would be required to abstain from voting at the EGM.

A form of proxy for use at the EGM is sent to the Shareholders together with this circular. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending, and voting in person at the EGM or any adjournment thereof if you so desire.

RECOMMENDATIONS

The Directors, including the independent non-executive Directors whose views are set out in the "Letter from the Independent Board Committee" in this circular after considering the advice from the Independent Financial Adviser, are of the view that although the Construction Contracts are not entered into in the ordinary and usual course of business of the Company, the terms thereof and the transaction contemplated thereunder have been entered into on normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole and conducted to facilitate the manufacturing and sales of pharmaceutical products in the Group's ordinary and usual course of business.

Accordingly, the Board (including the Independent Board Committee) recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Construction Contracts and the transaction contemplated thereunder.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to (i) the “Letter from the Independent Board Committee” set out on pages 10 to 11 of this circular, which contains its recommendation to the Independent Shareholders; (ii) the “Letter from the Independent Financial Adviser” set out on pages 12 to 18 of this circular, which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and (iii) the additional information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of
Tongfang Kontafarma Holdings Limited
Chai Hongjie
Chairman



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)

20 May 2021

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE CONSTRUCTION CONTRACTS**

We refer to the circular dated 20 May 2021 issued by the Company to the Shareholders (the “**Circular**”) of which this letter forms part. Unless otherwise defined, capitalized terms used in this letter shall have the same meanings as defined in the Circular.

Under the Listing Rules, the transaction contemplated under the Construction Contracts constitutes a discloseable and connected transaction of the Company, and is subject to the approval of the Independent Shareholders at the EGM.

We have been appointed as the Independent Board Committee to consider the terms of the Construction Contracts and the transactions contemplated thereunder and to advise the Independent Shareholders as to (i) the fairness and reasonableness of the Construction Contracts and the transaction contemplated thereunder; (ii) whether such transaction is on normal commercial terms and in the ordinary and usual course of business of the Company; (iii) whether such transaction is in the interests of the Company and the Shareholders as a whole; and (iv) how to vote on such transaction. Amasse Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the “Letter from the Board” set out on pages 4 to 9 of the Circular and the “Letter from the Independent Financial Adviser” to the Independent Board Committee and the Independent Shareholders set out on pages 12 to 18 of the Circular.

Having taken into account, among other things, the advice of the Independent Financial Adviser, we are of the opinion that, although the Construction Contracts are not entered into in the ordinary and usual course of business of the Company, the terms thereof and the transaction contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Company and the Shareholders as a whole and conducted to facilitate the manufacturing and sales of pharmaceutical products in the Group’s ordinary and usual course of business.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Construction Contracts and the transaction contemplated thereunder.

Yours faithfully,
Independent Board Committee

Mr. Chan Sze Chung
*Independent non-executive
Director*

Mr. Zhang Ruibin
*Independent non-executive
Director*

Mr. Zhang Junxi Jack
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Amasse Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Construction Contracts and the transaction contemplated thereunder, which has been prepared for the purpose of incorporation in this circular.

AMASSE CAPITAL
寶 積 資 本

20 May 2021

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE CONSTRUCTION CONTRACTS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Construction Contracts and the transaction contemplated thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 20 May 2021 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 20 April 2021 (the “**Announcement**”) in respect of, among other things, the Construction Contracts and the transaction contemplated thereunder.

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 Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders on the Construction Contracts and the transaction contemplated thereunder. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have not provided any services to the Company, the Independent Board Committee and the Independent Shareholders for any transaction.

With regard to our independence from the Company, it is noted that, apart from normal professional fees paid or payable to us in connection with the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, among others, (i) the Announcement; (ii) the information contained or referred to in the Circular; and (iii) relevant public information. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (collectively, the "**Management**"). We have assumed that all information and representations that have been provided by the Management, for which the Directors are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Management that there are no undisclosed private

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

agreements/arrangements or implied understanding with anyone concerning the Construction Contracts and the transaction contemplated thereunder. We have reviewed and discussed with the Company on the information provided as well as sought and received confirmation from the Management that all information and representations provided to us by the Management are true, accurate, complete and not misleading in all respects at the time they were made and as at the Latest Practicable Date. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular as a whole misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted any independent in-depth investigation into the business and affairs of any members of the Group, the counter party(ies) to the Construction Contracts and the transaction contemplated thereunder or their respective subsidiaries or associates. We also have not considered the taxation implication on the Group or the Shareholders as a result of the Construction Contracts and the transaction contemplated thereunder. We have not carried out any feasibility study on the past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group. Our opinion has been formed on the assumption that any analysis, estimation, anticipation, condition and assumption provided by the Group are feasible and sustainable. Our opinion shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion, we have taken into consideration the following principal factors and reasons.

1. BACKGROUND INFORMATION

(a) 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, which is in turn ultimately controlled by Shanxi State-owned Assets Supervision and Administration Commission* (山西省人民政府國有資產監督管理委員會). Its principal business is provision of construction and civil engineering services.

(b) 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 in the future. The high-tech products and chemical drugs to be manufactured at the new production base mainly include several types of chemical synthetic active pharmaceutical ingredients to be used in medication related to, *inter alia*, high uric acid levels, stomach diseases and inflammation. The transactions contemplated under

the Construction Contracts mainly cover the construction of the ancillary facilities of the production base, including but not limited to, a research and development centre, office areas and warehouses.

The Construction Contracts were awarded to Beijing Qingkong through a tendering process. The Group has engaged a tendering agent, being a third party independent of the Company and its connected persons, to prepare the bidding document for the Chongqing Production Base Project. Tenders were received from three bidders including Beijing Qingkong and two other bidders who are independent third parties of the Company and its connected persons. The contractor of the Chongqing Production Base Project was determined after evaluation by an independent committee comprising five qualified senior engineers in the PRC 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 Construction Contracts were awarded to Beijing Qingkong, having taken into consideration that, among other things, (i) the tender submitted by Beijing Qingkong conformed to the requirements set out in the bidding documents; (ii) Beijing Qingkong and its professional personnel hold the required qualification for the Chongqing Production Base Project; (iii) Beijing Qingkong was not included in the list of dishonest persons or other relevant blacklists or watch lists in the PRC or otherwise disqualified or prohibited from engaging in construction projects in Chongqing; and (iv) the quotation submitted by Beijing Qingkong was the lowest among the tenders received by the Group for the Chongqing Production Base Project.

In light of the above, the Board 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.

2. THE CONSTRUCTION CONTRACTS

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

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- 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. For details of the tender process in respect of the Chongqing Production Base Project, please refer to the paragraph headed “Reasons for and benefits of the entering into of the Construction Contracts” above.
- 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.

Based on our discussion with the Management, we are given to understand that the Group conducted a tender to determine the contractor for the Chongqing Production Base Project. As advised by the Management, the tender was conducted through a tendering agent (the “**Tendering Agent**”), which is an Independent Third Party, appointed by the Group. The Tendering Agent prepared, on behalf of the Group, a bidding document (the “**Bidding Document**”) in respect of the Chongqing Production Base Project for the purpose of the tendering. We have reviewed the Bidding Document and noted that the Bidding Document set out the detailed and comprehensive information, including but not limited to the tendering procedure, the project scope, the required completion timing, the payment schedule, the qualification of the bidders, the requirements and criteria on setting the bidding price, the assessment and determination of the winning bidder. During the tendering, the Group received three tender documents (the “**Tender Documents**”), of which one from Beijing Qingkong and two from Independent Third Parties. Pursuant to the Bidding Document, the winning bidder shall be assessed by an independent evaluation committee (the “**Evaluation Committee**”) and determined by selecting the one with the

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lowest bidding price. As advised by the Management, the Evaluation Committee was consisted of 5 independent professionals randomly selected from 重慶市綜合評標專家庫 (Chongqing Tender Evaluation Expert Database*), which is established and maintained by the Chongqing government. As further advised by the Management, such 5 independent professionals are qualified senior engineer in the PRC with more than 8 years of experience in the construction industry. We have obtained and reviewed a result report (the “**Result Report**”) prepared by the Evaluation Committee and noted that the Evaluation Committee confirmed that all the three Tender Documents had fulfilled the requirements as set out in the Bidding Document and recommended Beijing Qingkong as its bidding price (i.e. RMB34,936,651.39) was the lowest. We have also reviewed the Tender Documents and noted that the bidding prices as set out in the Tender Documents and the Result Report were consistent.

Having considered that (i) the tender is conducted by an independent Tendering Agent; (ii) the winning bidder is (a) assessed by an independent Evaluation Committee with extensive experience and qualifications and (b) determined by the lowest bidding price; and (iii) all the bidders fulfilled the requirements under the tender, of which two out of three are Independent Third Parties, we consider that the tender process is fair and reasonable.

In view of the above, we consider that the total contract sum of RMB34,936,651.39, which is, among others, (i) in line with the bidding price offered by Beijing Qingkong in its Tender Document; and (ii) the lowest price among the three Tender Documents, is not less favourable from the Independent Third Parties and is therefore fair and reasonable.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that although the Construction Contracts and the transaction contemplated thereunder are not in the ordinary and usual course of business of the Group, the terms thereof and the transaction contemplated thereunder are on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole and conducted to facilitate the manufacturing and sales of pharmaceutical products in the Group’s ordinary and usual course of business. Accordingly, we recommend you to vote in favour of the resolution(s) to be proposed at the EGM to approve the Construction Contracts and the transaction contemplated thereunder.

Yours faithfully,
For and on behalf of
Amasse Capital Limited
Stephen Lau
Director

Mr. Stephen Lau is a licensed person registered with the Securities and Future Commission of Hong Kong and regards as a responsible officer of Amasse Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 9 years of experience in corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. DISCLOSURE OF DIRECTORS' INTERESTS

(a) Directors' and chief executives' interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

Interests in associated corporation:

Name of Director	Name of associated corporation	Capacity	Approximate percentage of equity interest of associated corporation
Jiang Chaowen ^(Note)	SPF (Beijing) Biotechnology Co., Ltd.* (斯貝福(北京)生物技術有限公司) ("SPF")	Beneficial owner	5.47%

Note:

As at the Latest Practicable Date, Mr. Jiang Chaowen owned 5.47% interests in the registered capital of SPF, an indirect non-wholly owned subsidiary of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had or was deemed to have any interests or short positions in the Shares or the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Substantial Shareholders who have an interest and/or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and chief executives of the Company, as at the Latest Practicable Date, the following persons (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial Shareholders	Capacity	Long position	
		Number of Shares interested	Approximate percentage of issued Shares
China Health	Beneficial owner <i>(Note 1)</i>	3,172,778,000	56.77%
Waranty Assets Management (HK) Limited (“Waranty Hong Kong”)	Interest in a controlled corporation <i>(Note 2)</i>	3,172,778,000	56.77%
Shenzhen Waranty	Interest in a controlled corporation <i>(Note 3)</i>	3,172,778,000	56.77%
Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司) (“Shanxi Construction”)	Interest in a controlled corporation <i>(Note 4)</i>	3,172,778,000	56.77%

Name of substantial Shareholders	Capacity	Long position	
		Number of Shares interested	Approximate percentage of issued Shares
Ningbo Free Trade Zone Sanjin Guotou Private Equity Fund Partnership Enterprise (Limited Partnership)* (寧波保稅區三晉國投股權投資基金合夥企業(有限合夥)) (“ Sanjin Guotou ”)	Interest in a controlled corporation <i>(Note 5)</i>	3,172,778,000	56.77%
Shanxi Province Expressway Group Limited Liability Company* (山西省高速公路集團有限責任公司) (“ Shanxi Expressway ”)	Interest in a controlled corporation <i>(Note 6)</i>	3,172,778,000	56.77%
Shanxi Transportation Holdings Group Co., Ltd.* (山西交通控股集團有限公司) (“ Shanxi Transportation ”)	Interest in a controlled corporation <i>(Note 7)</i>	3,172,778,000	56.77%
Shanxi State-owned Capital Operation Co., Ltd.* (山西省國有資本運營有限公司) (“ State-owned Capital Operation Co. ”)	Interest in a controlled corporation <i>(Note 8)</i>	3,172,778,000	56.77%
State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government (“ Shanxi Government Commission ”)	Interest in a controlled corporation <i>(Note 9)</i>	3,172,778,000	56.77%

Name of substantial Shareholders	Capacity	Long position	
		Number of Shares interested	Approximate percentage of issued Shares
THTF Energy-Saving Holdings Limited (“ THTF Energy-Saving ”)	Beneficial owner <i>(Note 10)</i>	513,994,000	9.20%
Resuccess Investments Limited (“ Resuccess ”)	Interest in a controlled corporation <i>(Note 11)</i>	513,994,000	9.20%
Tsinghua Tongfang Co., Ltd.* (同方股份有限公司) (“ Tsinghua Tongfang ”)	Interest in a controlled corporation <i>(Note 12)</i>	513,994,000	9.20%

Note:

1. The figure refers to the legal and beneficial interests of China Health in 3,172,778,000 Shares.
2. Waranty Hong Kong owns 100% interests in the issued share capital of China Health and is therefore deemed to have an interest in the Shares in which China Health is interested. The figure refers to the same interests of China Health in the Shares under the SFO.
3. Shenzhen Waranty, through its wholly-owned subsidiary, namely Waranty Hong Kong, owns 100% interests in the issued share capital of China Health and is therefore deemed to have an interest in the Shares in which China Health is interested. The figure refers to the same interests of China Health in the Shares under the SFO.
4. Shanxi Construction owns 46.40% interests in the registered capital of Shenzhen Waranty and is therefore deemed to have an interest in the Shares in which Shenzhen Waranty is interested. The figure refers to the same interests of China Health in the Shares under the SFO.
5. Sanjin Guotou owns 45.50% interests in the registered capital of Shenzhen Waranty and is therefore deemed to have an interest in the Shares in which Shenzhen Waranty is interested. The figure refers to the same interests of China Health in the Shares under the SFO.
6. Shanxi Expressway owns 46.38% interests in the registered capital of Sanjin Guotou and is therefore deemed to have an interest in the Shares in which Sanjin Guotou is interested. The figure refers to the same interests of China Health in the Shares under the SFO.
7. Shanxi Transportation owns 100% interests in the registered capital of Shanxi Expressway and is therefore deemed to have an interest in the Shares in which Shanxi Expressway is interested. The figure refers to the same interests of China Health in the Shares under the SFO.

8. State-owned Capital Operation Co. owns 90% interests in the registered capital of Shanxi Construction, 90% interests in the registered capital of Shanxi Transportation and 46.38% interests in the registered capital of Sanjin Guotou respectively. State-owned Capital Operation Co. is therefore deemed to have, via Shanxi Construction, Shanxi Transportation and Sanjin Guotou, an interest in the Shares in which Shenzhen Warranty is interested. The figure refers to the same interests of China Health in the Shares under the SFO.
9. Shanxi Government Commission owns 100% interests in the registered capital of State-owned Capital Operation Co. and is therefore deemed to have an interest in the Shares in which State-owned Capital Operation Co. is interested. The figure refers to the same interests of China Health in the Shares under the SFO.
10. The figure refers to the legal and beneficial interests of THTF Energy-Saving in 513,994,000 Shares.
11. Resuccess owns 100% interests in the issued share capital of THTF Energy-Saving and is therefore deemed to have an interest in the Shares in which THTF Energy-Saving is interested. The figure refers to the same interests of THTF Energy-Saving in the Shares under the SFO.
12. Tsinghua Tongfang, through its wholly-owned subsidiary, namely Resuccess, owns 100% interests in the issued share capital of THTF Energy-Saving and is therefore deemed to have an interest in the Shares in which THTF Energy-Saving is interested. The figure refers to the same interests of THTF Energy-Saving in the Shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and chief executives of the Company) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

As at the Latest Practicable Date, Mr. Chai Hongjie, an executive Director, was also a director of Shenzhen Warranty, Mr. Huang Yu, an executive Director, was also a director of Warranty Hong Kong and Mr. Wei Bingzhang, an executive Director, was also an employee of Shanxi Construction, each of which has an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS

(a) Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group.

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Interests in competing business

Pursuant to Rule 8.10 of the Listing Rules, the following Director has declared interests in the following businesses (other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or any member of the Group) which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group as at the Latest Practicable Date:

Mr. Jiang Chaowen holds directorship in and has interests in the share capital of Chongqing Jewelland Pharmaceutical Co., Ltd.* (重慶健能醫藥開發有限公司), which principally engages in the wholesale of chemical Active Pharmaceutical Ingredients and its preparations, antibiotic Active Pharmaceutical Ingredients and its preparations, biochemical drugs and proprietary Chinese medicines. In addition, he holds directorship in Si Chuan Jewelland Pharmaceutical Co., Ltd.* (四川健能製藥有限公司), which principally engages in the production and sales of tablets, medical technology development, and technology transfer and consultations. The businesses of the abovementioned companies are likely to compete with the pharmaceutical business of the Group.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors (not being the independent non-executive Directors) had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Company or any of its subsidiaries within one year without payment of compensation (other than statutory compensation).

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert or professional adviser who has given opinion or advice contained in this circular:

Name	Qualification
Amasse Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Amasse Capital Limited:

- (i) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (ii) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or was proposed to be acquired or disposed of by or leased to any member of the Group, since 31 December 2020, the date to which the latest published audited financial statements of the Group was made up; and
- (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or report and reference to its name in the form and context in which it appears.

7. GENERAL

The registered office of the Company is situated at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The head office and principal place of business of the Company is situated at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

The principal share registrar of the Company is Ocorian Trust (Cayman) Limited at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The branch share registrar of the Company in Hong Kong is Tricor Secretaries Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

The company secretary of the Company is Ms. Si Tou Man Wai, who is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in Australia.

The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on a business day in Hong Kong at the principal place of business of the Company in Hong Kong at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong, from the date of this circular up to and including 11 June 2021, being the date of the EGM:

- (a) the Construction Contracts;
- (b) the letter from the Board, the text of which is set out in the “Letter from the Board” in this circular;
- (c) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the “Letter from the Independent Financial Adviser” in this circular;
- (d) the written consent referred to in the paragraph headed “Qualification and Consent of Expert” in this appendix; and
- (e) this circular.

NOTICE OF EGM



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)

NOTICE OF EGM

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Tongfang Kontafarma Holdings Limited (the “**Company**”) will be held at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on Friday, 11 June 2021 at 11:00 a.m., or any adjournment thereof, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as ordinary resolution of the Company. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as defined in the circular of the Company dated 20 May 2021.

ORDINARY RESOLUTIONS

“**THAT**

- (a) the construction contract and a supplemental agreement both dated 20 April 2021 (the “**Construction Contracts**”) entered into between Chongqing Kangle Pharmaceutical Co., Ltd.* (重慶康樂製藥有限公司) (“**Chongqing Kangle**”) (as principal), an indirect non-wholly owned subsidiary of the Company, and Beijing Qingkong Zhongchuang Construction Co., Ltd.* (北京清控中創工程建設有限公司) (“**Beijing Qingkong**”) (as contractor) pursuant to which Chongqing Kangle agreed to engage Beijing Qingkong as the general contractor to carry out the construction works for the construction project of high-tech products and chemical drugs production base located at Changshou Economic and Technological Development District, Chongqing, the PRC, at the contract price of RMB34,936,651.39 (subject to adjustments), and the transaction contemplated thereunder be and is hereby approved, confirmed and ratified in all respects; and

NOTICE OF EGM

- (b) any one of the directors of the Company (the “**Director**”) be and is hereby authorised to do all such acts and things and execute and deliver all such documents, deeds or instruments (including affixing the common seal of the Company thereon) and take all such steps as the Director in his/her sole opinion and absolute discretion may consider necessary, appropriate or desirable to implement or give effect to the Construction Contracts and the transaction contemplated thereunder.”

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

Hong Kong, 20 May 2021

Registered Office:

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Head office and principal place of business:

15th Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Notes:

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy to attend and vote on his/her/its behalf, subject to the articles of association of the Company. A proxy need not be a member of the Company, but must be present to represent the member. A member who is the holder of two or more shares of the Company (the “**Share(s)**”) may appoint more than one proxy to represent him/her to attend and vote on his/her behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each such proxy is so appointed.
2. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.

NOTICE OF EGM

4. Where there are joint holders of any Share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such Share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, then the one of such joint holders so present whose name stands first on the register of members of the Company shall, in respect of such Share, be entitled alone to vote in respect thereof.
5. The resolution at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the respective websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
6. The register of members of the Company will be closed from Monday, 7 June 2021 to Friday, 11 June 2021 (both days inclusive), during which period no transfer of Shares will be registered. In order for a member to be eligible to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration by 4:30 p.m. on Friday, 4 June 2021.
7. If a tropical cyclone warning signal No. 8 or above is expected to be hoisted, or “extreme conditions” caused by super typhoons exist, or a black rainstorm warning signal is expected to be in force at any time between 8:00 a.m. and 5:00 p.m. on the date of the EGM, the EGM will be postponed and Members will be informed of the date, time and venue of the postponed EGM by a supplemental notice posted on the respective websites of the Stock Exchange and the Company.

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is lowered or cancelled at or before 8:00 a.m. on the date of the EGM and where conditions permit, the EGM will be held as scheduled.

The EGM will be held as scheduled when an amber or red rainstorm warning signal is in force. After considering their own situations, Members should decide on their own whether or not they would attend the Meeting under any bad weather condition and if they do so, they are advised to exercise care and caution.

8. References to time and dates in this notice are to Hong Kong time and dates.

* *For identification purpose only*