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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)

**(I) ISSUE OF NEW SHARES UNDER GENERAL MANDATE
AND
(II) DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
REMAINING 40% EQUITY INTEREST
IN TONGFANG PHARMACEUTICAL GROUP CO., LTD*
INVOLVING THE ISSUE OF
CONSIDERATION SHARES UNDER SPECIFIC MANDATE**

ISSUE OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that, on 23 January 2018 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber conditionally agreed to subscribe and the Company conditionally agreed to allot and issue 400,000,000 Subscription Shares at the Subscription Price of HK\$0.5 per Subscription Share.

The Subscription Shares represent approximately 8.08% of the total issued share capital of the Company as at the date of this announcement and approximately 7.48% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription (save for the allotment and issue of the Subscription Shares). As at the date of this announcement, the Subscriber directly holds approximately 2.3% shareholding in the Company. The Subscriber is expected to hold approximately 9.61% shareholding in the Company immediately upon completion of the Subscription.

The Subscription Shares will be allotted and issued under the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

THE ACQUISITION

Reference is made to the announcement and circular of the Company dated 28 January 2016 and 22 March 2016 respectively regarding acquisition of 60% equity interest in Tongfang Pharmaceutical by the Group. As at the date of this announcement, Tongfang Pharmaceutical is an indirect non-wholly owned subsidiary of the Company and indirectly held as to 60% by the Company, 35% by Shenzhen Shiao and 5% by Sea Best. The Board is pleased to further announce that, on 23 January 2018 (after trading hours), the Company and the Purchaser (being an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendors (being Shenzhen Shiao and Sea Best) for the acquisition of remaining 40% equity interest in Tongfang Pharmaceutical by the Group. Pursuant to the Sale and Purchase Agreement, the Purchaser conditionally agreed to acquire, and the Vendors conditionally agreed to sell, a total of 40% equity interest in Tongfang Pharmaceutical, at a total consideration of RMB200,000,000 (equivalent to approximately HK\$243,902,439), of which (i) RMB100,000,000 (equivalent to approximately HK\$121,951,220) shall be satisfied in cash and (ii) RMB100,000,000 (equivalent to approximately HK\$121,951,220) shall be satisfied by the issue of 243,863,777 Consideration Shares by the Company to the Vendors at the Issue Price of HK\$0.5 per Consideration Share. The Consideration Shares represent approximately 4.93% of the total issued share capital of the Company as at the date of this announcement; and approximately 4.36% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Consideration Shares, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Acquisition (save for the allotment and issue of the Subscription Shares and the Consideration Shares).

Upon completion of the Acquisition, Tongfang Pharmaceutical will become an indirect wholly-owned subsidiary of the Company.

Listing Rules Implications

Discloseable Transaction

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all the applicable percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected Transactions

As at the date of this announcement, Shenzhen Shiao holds 35% equity interest in Tongfang Pharmaceutical which is not an insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and accordingly Shenzhen Shiao, being a substantial shareholder of Tongfang Pharmaceutical, is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Shenzhen Shiao Acquisition and the issue of the Consideration Shares to Shenzhen Shiao constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the Shenzhen Shiao Acquisition only, as one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Shenzhen Shiao Acquisition are more than 1%, the Shenzhen Shiao Acquisition is subject to the requirements of reporting and announcement by virtue of Rule 14A.101 of the Listing Rules. Issue of Consideration Shares to Shenzhen Shiao as part of the settlement of consideration of the Shenzhen Shiao Acquisition is subject to the requirements of reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

General

Pursuant to Rule 13.35(1) of the Listing Rules, the Consideration Shares will be issued under a Specific Mandate subject to the approval by the Shareholders. An EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other matters, the issue of the Consideration Shares as part of the settlement of consideration of the Acquisition. The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular of the Company, containing, among other things, (i) further details about the Acquisition and issue of the Consideration Shares; (ii) the recommendations of the Independent Board Committee in relation to the issue of the Consideration Shares; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the issue of the Consideration Shares; and (iv) the notice convening the EGM, will be despatched to the Shareholders in accordance with the Listing Rules. The circular is currently expected to be despatched by the Company to the Shareholders on or before 13 February 2018.

Shareholders and potential investors should note that the Subscription and Acquisition are subject to the satisfaction of certain conditions and accordingly, the Subscription and Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing the securities of the Company.

(I) ISSUE OF NEW SHARES UNDER GENERAL MANDATE

The Subscription

On 23 January 2018 (after trading hours), the Company and the Subscriber entered into the Subscription Agreement pursuant to which the Subscriber conditionally agreed to subscribe and the Company conditionally agreed to allot and issue 400,000,000 Subscription Shares at the Subscription Price of HK\$0.5 per Subscription Share.

Parties to the Subscription Agreement

- (i) The Company as the issuer of the Subscription Shares; and
- (ii) the Subscriber as the subscriber for the Subscription Shares.

As at the date of this announcement, the Subscriber directly holds approximately 2.3% shareholding in the Company. The Subscriber is expected to hold approximately 9.61% shareholding in the Company immediately upon completion of the Subscription. The Subscriber is currently indirectly wholly owned by Tsinghua Tongfang, a company listed on the Shanghai Stock Exchange (Stock Code: 600100). Tsinghua Tongfang holds the entire interest in Tongfang Financial which in turn holds 48% minority interest in Shenzhen Warranty. Shenzhen Warranty indirectly holds approximately 63.96% shareholding in the Company as at the date of this announcement. None of the Subscriber, Tsinghua Tongfang and Tongfang Financial are connected persons of the Company under Chapter 14A of the Listing Rules. Save as disclosed above, based on the information available to the Company and to its best knowledge, the ultimate beneficial owners of the Subscriber are an Independent Third Parties.

The Subscription Shares

The Subscription Shares represent:

- (i) approximately 8.08% of the total issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 7.48% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription (save for the allotment and issue of the Subscription Shares).

The Subscription Shares, when fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue, including the right to receive all dividends and distributions which may be declared, made or paid after the completion of the Subscription and will be issued free and clean of all liens, encumbrances, equities or other third party rights.

The Subscription Price

The Subscription Price of HK\$0.5 per Subscription Share represents:

- (i) the closing price of HK\$0.5 per Share as quoted on the Stock Exchange on 23 January 2018, being the date of the Subscription Agreement; and
- (ii) the average of the closing prices of approximately HK\$0.5 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately before 23 January 2018, being the date of the Subscription Agreement, and including the Last Trading Day.

The Subscription Price was arrived after arm's length negotiation between the Company and the Subscriber with reference to prevailing market price of the Share and the business performance of the Group.

Condition Precedent

Completion of the Subscription is subject to the following conditions:

- (a) the listing committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares (and such listing and permission not being subsequently revoked prior to the completion of the Subscription);
- (b) the General Mandate not having been revoked;
- (c) on or prior to the completion of the Subscription, there shall have been delivered to the Subscriber resolutions of the Board and, where applicable, all other consents and approvals required in relation to the issue of the Subscription Shares and such other consent and approval (if applicable) shall as of the completion of the Subscription remain in full force and effect; and
- (d) there not having been any material breach of any representations and warranties or any of the agreements, covenants and undertakings in the Subscription Agreement that are to be performed or complied with prior to the completion of the Subscription.

Completion

Completion of the Subscription shall take place within 10 Business Day following the date on which all the conditions precedent to the completion of the Subscription are fulfilled (or such other date and time as the parties to the Subscription Agreement may agree in writing).

General Mandate

The Subscription Shares will be allotted and issued to the Subscriber pursuant to the General Mandate granted to the Board at the annual general meeting of the Company held on 20 June 2017. Under the General Mandate, the Directors can allot, issue and deal with up to 990,000,000 Shares, representing 20% of the entire issued share capital of the Company in issue on the date of passing of the relevant resolution at such annual general meeting.

As at the date of this announcement, there has been no Shares issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the allotment and issue of the Subscription Shares is not subject to Shareholders' approval.

Application for Listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

Reasons for and Benefit of the Subscription and Extended Use of Proceeds

The Directors consider that the Subscription will provide a good opportunity to raise additional funds to strengthen the financial position of the Group, so as to settle part of the consideration of the Acquisition in cash and to facilitate its on-going development and future investing opportunity. The Board considers that the terms of the Subscription Agreement and the Subscription Price are fair and reasonable, on normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

The gross proceeds of the Subscription will amount to approximately HK\$200,000,000. After deducting the relevant expenses, the estimated net proceeds from the issue of the Subscription Shares amount to approximately HK\$198,500,000. The net price of each Subscription Share is estimated to be approximately HK\$0.5. The Company currently intends to use the net proceeds for (i) subject to completion of the Acquisition, settlement of part of the consideration of the Acquisition in cash as detailed below; and (ii) general corporate and business development and general working capital.

Equity Fund Raising Activities in the Past Twelve Months

The Company has not carried out any equity fund raising activity in the twelve months immediately prior to the date of this announcement.

(II) THE ACQUISITION

Reference is made to the announcement and circular of the Company dated 28 January 2016 and 22 March 2016 respectively regarding the acquisition of 60% equity interest in Tongfang Pharmaceutical by the Group. As at the date of this announcement, Tongfang Pharmaceutical is an indirect non-wholly owned subsidiary of the Company and indirectly held as to 60% by the Company, 35% by Shenzhen Shiao and 5% by Sea Best.

On 23 January 2018 (after trading hours), the Company and the Purchaser (being an indirect wholly-owned subsidiary of the Company) entered into the Sale and Purchase Agreement with the Vendors (being Shenzhen Shiao and Sea Best) for the acquisition of remaining 40% equity interest in Tongfang Pharmaceutical by the Group.

The Sale and Purchase Agreement

The principal terms of the Sale and Purchase Agreement are as follows:

(a) *Date*

23 January 2018

(b) *Parties to the Sale and Purchase Agreement*

- (i) the Company as issuer;
- (ii) the Purchaser as purchaser; and
- (iii) Shenzhen Shiao and Sea Best as vendors.

(c) *Nature of the Transaction and Subject Matter to be Acquired*

Pursuant to the Sale and Purchase Agreement, the Purchaser has conditionally agreed to acquire and the Vendors have conditionally agreed to dispose of an aggregate of 40% equity interest in Tongfang Pharmaceutical (being the entire equity interests in Tongfang Pharmaceutical held by the Vendors). Upon completion of the Acquisition, the Tongfang Pharmaceutical will become an indirect wholly-owned subsidiary of the Company.

(d) *Consideration*

Pursuant to the Sale and Purchase Agreement, the total consideration for the Acquisition is RMB200,000,000 (equivalent to approximately HK\$243,902,439), which shall be satisfied in the following manner within 10 Business Day following the date on which all the conditions precedent of the Acquisition are fulfilled and Tongfang Pharmaceutical has completed the registration of change with the relevant PRC regulatory authorities:

- (i) RMB100,000,000 (equivalent to approximately HK\$121,951,220) to be satisfied in cash and payable to Shenzhen Shiao; and

- (ii) RMB100,000,000 (equivalent to approximately HK\$121,951,220) to be satisfied by the Company allotting and issuing 182,897,833 and 60,965,944 Consideration Shares credited as fully paid at the Issue Price of HK\$0.5 per Consideration Share to Shenzhen Shiao and Sea Best, respectively.

The consideration for the Acquisition (including the Issue Price of the Consideration Shares) was arrived upon arm's length negotiations between the Purchaser and the Vendors with reference to the financial performance of the Tongfang Pharmaceutical Group, the consideration paid by the Group in respect of the acquisition of 60% equity interest in Tongfang Pharmaceutical in 2016, the prospects of the Tongfang Pharmaceutical Group and the future business development of the Group.

The consideration for the Acquisition will be financed by the proceeds from the Subscription and the Group's internal resources.

(e) *Condition precedent of the Acquisition*

Pursuant to the Sale and Purchase Agreement, completion of the Acquisition is conditional upon the following conditions being fulfilled:

- (i) the board of directors of Tongfang Pharmaceutical having approved the transactions contemplated under the Sale and Purchase Agreement;
- (ii) the Subscription shall have been completed;
- (iii) the Vendors having received the "Overseas Investment Certificate by PRC Enterprises* (企業境外投資証書)" from the relevant PRC regulatory authority in respect of the acceptance of the Consideration Shares as part of the consideration of the Acquisition;
- (iv) the Independent Shareholders having approved the issue of the Consideration Shares as settlement of part of the consideration of the Acquisition as contemplated under the Sale and Purchase Agreement and the transactions contemplated therein in compliance with the Listing Rules; and
- (v) the listing committee of the Stock Exchange having approved the listing of, and permission to deal in, the Consideration Shares.

(f) *Completion*

Completion of the Acquisition shall take place within 10 Business Day following the date on which all the condition precedent to the completion of the Acquisition are fulfilled (or such other date and time as the parties to the Sale and Purchase Agreement may agree in writing).

The Consideration Shares

The Consideration Shares represent:

- (i) approximately 4.93% of the total issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 4.36% of the total issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares and the Consideration Shares, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Acquisition (save for the allotment and issue of the Subscription Shares and the Consideration Shares).

Pursuant to Rule 13.35(1) of the Listing Rules, the Consideration Shares will be allotted and issued pursuant to the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

The Consideration Shares, when fully paid, will rank pari passu in all respects among themselves and with the existing Shares in issue, including the right to receive all dividends and distributions which may be declared, made or paid after the completion of the Acquisition and will be issued free and clean of all liens, encumbrances, equities or other third party rights.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The Issue Price

The Issue Price of HK\$0.5 per Consideration Share represents:

- (i) the closing price of HK\$0.5 per Share as quoted on the Stock Exchange on 23 January 2018, being the date of the Sale and Purchase Agreement; and
- (ii) the average of the closing prices of approximately HK\$0.5 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately before 23 January 2018, being the date of the Sale and Purchase Agreement, and including the Last Trading Day.

Reasons for and Benefits of the Acquisition

As disclosed in the circular of the Company dated 22 March 2016, it is one of the key strategies of the Group to actively explore medical, pharmaceutical and health industry business. The Company believes such business will have promising prospect in the PRC amid its growing economy and increasing demands on pharmaceutical and health products among the population. The Company considers the Acquisition is a good opportunity of the Group to acquire the remaining interest in Tongfang Pharmaceutical in order to enhance the control and management over Tongfang Pharmaceutical which is in line with the business strategy of the Group. In 2017, Tongfang Pharmaceutical maintained sound momentum of development and greater returns are expected. Hence, the Acquisition is expected to improve the results attributable to the Group and the overall Shareholders' return.

The Directors (including the independent non-executive Directors) consider the terms of the Sale and Purchase Agreement are fair and reasonable and the Acquisition is on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Sale and Purchase Agreement or is required to abstain from voting from the Board resolutions for considering and approving the same pursuant to the articles of association of the Company.

Information of Tongfang Pharmaceutical

As at the date of this announcement, Tongfang Pharmaceutical is an indirect non-wholly owned subsidiary of the Company and is indirectly held as to 60% by the Company, 35% by Shenzhen Shiao and 5% by Sea Best. Tongfang Pharmaceutical is currently a sino-foreign joint venture enterprise established in the PRC and, through its subsidiaries, is principally engaged in the manufacturing and sales of prescription drugs, including injection powder, tablets, capsules, ointments, traditional Chinese medicine patent prescriptions, synthetic drugs, preparations, biochemical drugs and other biochemical products. In addition, Tongfang Pharmaceutical together with its subsidiaries is also involved in an extended range of other pharmaceutical-related businesses, including the sales of health supplements and food products, sales of medical equipment, as well as pharmaceutical research and testing.

Set out below is the consolidated financial information of the Tongfang Pharmaceutical Group prepared in accordance with PRC GAAP for the years ended 31 December 2015 and 2016:

	For the year ended	
	31 December	
	2015	2016
	(audited)	(unaudited)
	(RMB'000)	(RMB'000)
Total revenue	148,040	228,754
Net (loss)/profit before taxation and extraordinary items	(3,493)	29,587
Net (loss)/profit after taxation and extraordinary items	<u>(3,626)</u>	<u>22,559</u>

The unaudited total asset value and the net asset value of the Tongfang Pharmaceutical Group as at 30 June 2017 were approximately RMB613,793,000 and RMB228,580,000 respectively.

Based on the information available to the Company, the original acquisition cost paid by Shenzhen Shiao attributable to the acquisition of 35% equity interest in Tongfang Pharmaceutical was RMB87,500,000.

Information of the Purchaser and the Vendors

The Purchaser, an indirect wholly-owned subsidiary of the Company, is a company incorporated under the laws of Hong Kong and an investment holding company.

Shenzhen Shiao is a company established under the laws of the PRC with limited liability which is principally engaged in provision of software and information technology services.

Sea Best is a company incorporated under the laws of the British Virgin Islands with limited liability which is principally engaged in investment holding.

To the best of the knowledge of the Directors, having made all reasonable enquiries, apart from the equity interest currently held by the Vendors in Tongfang pharmaceutical, each of the Vendors and its ultimate beneficial owner(s) is an Independent Third Party.

Listing Rules Implications

Discloseable Transaction

As one or more of the applicable percentage ratios in respect of the Acquisition exceeds 5% but all the applicable percentage ratios are below 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected Transactions

As at the date of this announcement, Shenzhen Shiao holds 35% equity interest in Tongfang Pharmaceutical which is not insignificant subsidiary of the Company under Rule 14A.09 of the Listing Rules and accordingly Shenzhen Shiao, being a substantial shareholder of Tongfang Pharmaceutical, is a connected person of the Company at the subsidiary level according to Rule 14A.07(1) of the Listing Rules. Accordingly, the Shenzhen Shiao Acquisition and the issue of the Consideration Shares to Shenzhen Shiao constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In respect of the Shenzhen Shiao Acquisition only, as one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Shenzhen Shiao Acquisition are more than 1%, the Shenzhen Shiao Acquisition is subject to the requirements of reporting and announcement by virtue of Rule 14A.101 of the Listing Rules. Issue of Consideration Shares to Shenzhen Shiao as part of the settlement of consideration of the Shenzhen Shiao Acquisition is subject to the requirements of reporting, announcement and approval by the Independent Shareholders under Chapter 14A of the Listing Rules.

INFORMATION OF THE GROUP

The Group is principally engaged in (i) the manufacture and sales of cement and clinker, trading of cement and provision of technical services; (ii) manufacturing and sales of prescription drugs and other pharmaceutical-related businesses and pharmaceutical research and testing in the PRC; and (iii) the operation of fitness and wellness centres and provision of consultation services in Singapore, Taiwan and the PRC.

EFFECT OF THE SUBSCRIPTION AND THE ACQUISITION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the effect of the issue of the Subscription Shares and the Consideration Shares on the shareholding structure of the Company based on the total number of issued Shares as at the date of this announcement and assuming completion of the Subscription and the Acquisition having taken place, without taking into account any other new Shares, if any, issued and allotted after the date of this announcement and prior to the allotment and issue of the Subscription Shares and the Consideration Shares:

Shareholders	As at the date of this announcement		Immediately after issue and allotment of the Subscription Shares		Immediately after the issue and allotment of the Consideration Shares	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
China Health	3,165,974,000	63.96	3,165,974,000	59.18	3,165,974,000	56.60
The Subscriber	113,994,000	2.30	513,994,000	9.61	513,994,000	9.19
Shenzhen Shiao	-	-	-	-	182,897,833	3.27
Sea Best	-	-	-	-	60,965,944	1.09
Other public Shareholders	1,670,032,000	33.74	1,670,032,000	31.21	1,670,032,000	29.85
Total	4,950,000,000	100.00	5,350,000,000	100.00	5,593,863,777	100.00

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve, among other matters, the issue of the Consideration Shares as part of the settlement of consideration of the Acquisition. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries as at the date of this announcement, no Shareholder is involved or interested in the Acquisition nor the proposed issue of the Consideration Shares which require him/her to abstain from voting on the proposed ordinary resolution(s) to approve the issue of the Consideration Shares at the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the issue of the Consideration Shares as part of the settlement of consideration of the Acquisition as contemplated under the Sale and Purchase Agreement and the transactions contemplated thereunder.

A circular of the Company, containing, among other things, (i) further details about the Acquisition and issue of the Consideration Shares; (ii) the recommendations of the Independent Board Committee in relation to the issue of the Consideration Shares; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the issue of the Consideration Shares; and (iv) the notice convening the EGM, will be despatched to the Shareholders in accordance with the Listing Rules. The circular is currently expected to be despatched by the Company to the Shareholders on or before 13 February 2018.

Shareholders and potential investors should note that the Subscription and Acquisition are subject to the satisfaction of certain conditions and accordingly, the Subscription and Acquisition may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing the securities of the Company.

DEFINITIONS

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

“Acquisition”	the proposed acquisition of 35% and 5% equity interests in Tongfang Pharmaceutical by the Purchaser from Shenzhen Shiao and Sea Best, respectively, pursuant to the Sale and Purchase Agreement;
“Board”	the board of Directors;
“Business Day”	a day other than public holiday on which banks are generally open for business in the Hong Kong;
“China Health”	China Health Management Investment Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which holds approximately 63.96% interest in the Company as at the date of this announcement;
“Company”	Tongfang Kontafarma Holdings Limited (formerly known as Allied Cement 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;

“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration Shares”	243,863,777 new Shares to be allotted and issued by the Company to the Vendors at the Issue Price to satisfy part of the consideration for the Acquisition;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, to approve, among other matters, the issue of the Consideration Shares as part of the settlement of the consideration of the Acquisition;
“General Mandate”	the general mandate granted to the Directors by the resolution of the Shareholders passed at the annual general meeting of the Company held on 20 June 2017 to allot, issue and deal with up to 20% of the issued share capital of the Company as at the date of passing the relevant resolution;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	a committee of the Board comprising all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the issue of the Consideration Shares;
“Independent Financial Adviser”	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the issue of the Consideration Shares;
“Independent Shareholders”	Shareholders who are not interested or involved in the Sale and Purchase Agreement and the transactions contemplated thereunder;

“Independent Third Party(ies)”	person(s) or company(ies) and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules);
“Issue Price”	HK\$0.5 per Consideration Share;
“Last Trading Day”	23 January 2018, being the last trading day immediately prior to the issue of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong and Macau Special Administrative Region of the People’s Republic of China;
“Purchaser”	Kingwood Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 23 January 2018 entered into between the Company, the Purchase and the Vendors in relation to the Acquisition;
“Sea Best”	Sea Best Group Limited, a company incorporated under the laws of the British Virgin Islands with limited liability;
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;

“Shenzhen Shiao”	深圳市世奧萬運投資有限公司 (Shenzhen Shiao Wan Yun Investment Co. Ltd.*), a company established under the laws of the PRC;
“Shenzhen Shiao Acquisition”	the proposed acquisition of 35% equity interests in Tongfang Pharmaceutical by the Purchaser from Shenzhen Shiao pursuant to the Sale and Purchase Agreement;
“Shenzhen Waranty”	深圳市華融泰資產管理有限公司 (Shenzhen Waranty Asset Management Co. Ltd.*), a company established under the laws of the PRC;
“Specific Mandate”	the specific mandate for the allotment and issue of the Consideration Shares, which is subject to the approval by the Independent Shareholders at the EGM;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	THTF Energy-Saving Holdings Limited (清華同方節能控股有限公司*), a company incorporated in the Cayman Islands with limited liability;
“Subscription”	The subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	the conditional subscription agreement entered into between the Company and the Subscriber date 23 January 2018 in relation to the Subscription;
“Subscription Price”	the subscription price of HK\$0.5 per Subscription Share;
“Subscription Shares”	400,000,000 new Shares to be subscribed under the Subscription with an aggregate nominal value of HK\$800,000;
“Taiwan”	the Republic of China (Taiwan);
“Tongfang Financial”	同方金融控股(深圳)有限公司(Tingfang Financial Holdings Co., Ltd.)*(formerly known as 北京同方創新投資有限公司 (Beijing Tongfang Chuangxin Investment Co., Ltd.*)), a company established under the laws of the PRC and wholly-owned by Tsinghua Tongfang;

“Tongfang Pharmaceutical”	同方藥業集團有限公司 (Tongfang Pharmaceutical Group Co., Ltd*)(formerly known as “北京紫光制藥有限公司(Beijing Ziguang Pharmaceutical Co., Ltd.*)), a company established under the laws of the PRC and 60% equity interest of which is owned by the Group. It is an indirect non-wholly owned subsidiary of the Company as at the date of this announcement;
“Tongfang Pharmaceutical Group”	Tongfang Pharmaceutical and its subsidiaries;
“Tsinghua Tongfang”	同方股份有限公司 (Tsinghua Tongfang Co., Ltd.*), a company established under the laws of the PRC, whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600100)
“Vendors”	Shenzhen Shiao and Sea Best; and
%	per cent.

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

Hong Kong, 23 January 2018

For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using an exchange rate of HK\$1.00 equals to RMB0.82. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate of any other rates or at all

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Huang Yu (Chairman), Mr. Ng Qing Hai 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