

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



華控康泰集團有限公司

Kontafarma China Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1312)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF AN INDIRECT NON-WHOLLY OWNED SUBSIDIARY

The Board would like to announce on 13 April 2023 (after trading hours), the Seller (a wholly-owned subsidiary of the Company) and the Buyer entered into the Equity Transfer Agreement, pursuant to which the Seller conditionally agreed to sell, and the Buyer conditionally agreed to purchase the Equity Interest, representing 66% of the equity interest in the Target Company, at the consideration of RMB168,160,080. Upon Completion, the Group will cease to have any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Transaction exceed 25% but are below 75%, the Transaction constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have a material interest in the Equity Transfer Agreement and the transaction contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Equity Transfer Agreement and the transaction contemplated thereunder.

GENERAL

As at the date of this announcement, the Company has obtained a written Shareholder's approval from its controlling Shareholder, namely China Health which is in turn ultimately controlled by Shanxi State-owned Capital Operation Co., Ltd.* (山西省國有資本運營有限公司), a state-owned enterprise established by the Shanxi Province Government in the PRC, for approving the Equity Transfer Agreement and the transaction contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. As at the date of this announcement, China Health directly holds 3,172,778,000 Shares, representing approximately 56.77% of the issued share capital of the Company. Accordingly, no general meeting of the Company will be held for the approval of the Equity Transfer Agreement and the transaction contemplated thereunder.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Transaction and other information required to be included therein under the Listing Rules within 15 business days after the publication of this announcement, that is, on or before 5 May 2023. Since additional time is needed for the Company to prepare and finalise certain information relating to indebtedness statement and working capital sufficiency for inclusion in the circular, the Company currently expects that the circular will be despatched on or before 31 May 2023 and will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and make a further announcement regarding any delay in despatch of the circular in due course.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Equity Transfer Agreement and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing with the Shares and other securities of the Company.

THE EQUITY TRANSFER AGREEMENT

On 13 April 2023 (after trading hours), the Seller (a wholly-owned subsidiary of the Company) and the Buyer entered into the Equity Transfer Agreement in respect of the Transaction.

The principal terms of the Equity Transfer Agreement are set out below:

- Date: 13 April 2023 (after trading hours)
- Parties: (i) Tongfang Pharmaceutical Group Co., Ltd.* (同方藥業集團有限公司) (as seller); and
- (ii) Ping An Tsumura Inc.* (平安津村有限公司) (as buyer, which is the successful bidder of the Equity Interest through the public bidding held by SPTM).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Buyer is a company established in the PRC with limited liability jointly set up by Ping An Life Insurance Company of China, Ltd.* (中國平安人壽保險股份有限公司) (“**Ping An Life**”) and Tsumura China Inc.* (津村(中國)有限公司) for investment purpose; (ii) Ping An Life is a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司), being a joint stock company duly incorporated in the PRC with limited liability, the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601318) and the H shares of which are listed on the Stock Exchange (stock code: 2318); (iii) Tsumura China Inc.* (津村(中國)有限公司) is a wholly-owned subsidiary of Tsumura & Co.* (日本國株式会社津村), a company incorporated in Japan and listed on the Tokyo Stock Exchange (stock code: 4540); and (iv) the Buyer and its ultimate beneficial owners are Independent Third Parties.

Subject Matter

Under the Equity Transfer Agreement, the Seller conditionally agreed to sell, and the Buyer conditionally agreed to purchase the Equity Interest, representing 66% of the equity interest in the Target Company, at the consideration of RMB168,160,080. As at the date of this announcement, Daxingtang is a direct wholly-owned subsidiary of Shaanxi Hi-tech, which is in turn a direct wholly-owned subsidiary of the Target Company. For more information on the Target Group, please refer to the section headed “Information of the Target Group”.

Consideration

The Consideration payable by the Buyer for the acquisition of the Equity Interest in the Target Company in the amount of RMB168,160,080 was arrived as a result of a public bidding held by SPTM in which the Equity Interest was offered for sale by way of tender. In determining the Consideration, references were mainly made to (i) the appraised value of the entire equity interest of the Target Company of approximately RMB133,077,000 as at 30 September 2022 as determined by an independent valuer, Beijing Zhongtianhua Asset Appraisal Co., Ltd.* (北京中天華資產評估有限責任公司); (ii) know-how, intellectual properties and licenses possessed by the Target Group; and (iii) business prospects of the Target Group.

The Consideration would be settled in the following manner:

- (i) on or before the Effective Date, the Buyer has deposited an amount of RMB50,000,000 as security deposit (the “**Security Deposit**”) to the designated account of SPTM. Within 10 Business Days of the Effective Date, the Buyer shall further deposit to the designated settlement account of SPTM an amount of RMB109,752,076 (together with the Security Deposit, being RMB159,752,076 and representing 95% of the Consideration, the “**First Instalment**”). On the date falling 10 Business Days after completion of procedures for transfer of the Equity Interest and fulfilment or waiver of the conditions precedent set out in the Equity Transfer Agreement (i.e. the Completion Date), the Buyer shall apply to SPTM to release the First Instalment to the Seller; and
- (ii) on the date falling one year after the Completion Date, 5% of the Consideration (i.e. RMB8,408,004) (the “**Final Payment**”) shall be paid to the bank account designated by the Seller, provided that all of the following conditions have been fulfilled or waived by the Buyer in writing:
 - (A) no event has occurred or, based on reasonable judgment, is likely to occur that would individually or collectively have a material adverse effect on the Target Group or the Buyer’s holdings of the Equity Interest; and
 - (B) the Seller shall have duly performed all of the obligations required to be performed by the Seller under the Equity Transfer Agreement and any other agreement(s) in relation to the Transaction (if any).

Conditions Precedent

Completion is conditional upon and subject to the following conditions:

- (i) the representations and warranties made by the Seller under all applicable Transaction Documents are true, accurate, and complete and not misleading in all aspects on the day of execution of the Transaction Documents and Completion Date (save as the representations and warranties expressly stated to be made on a specified date are true, accurate, and complete and not misleading in all aspects as of such specified date); and all undertakings and covenants under all applicable Transaction Documents have been performed by the Seller on or before the Completion Date;
- (ii) all the parties to the Transaction Documents other than the Buyer have executed and delivered to the Buyer each of the Transaction Documents to which it is a party;
- (iii) no governmental department shall have enacted, issued, promulgated, implemented, or passed any law or governmental order which would render the Transaction contemplated under the Transaction Documents illegal, or be restricted or prohibited;
- (iv) no claims have arisen or may arise that is intended to restrict the Transaction contemplated under the Transaction Documents or cause material change to the terms of the Transaction, or in the Buyer's reasonable judgement made under good faith that the Transaction is unachievable or illegal or it is not suitable to proceed with the Transaction, or may cause material adverse effect to the Seller, the Target Group, or the business of the Target Group;
- (v) the Buyer, the Seller and the Target Group have obtained all necessary approvals, permits and filings from the governmental authorities, and consents from all relevant third parties (including but not limited to the waiver of the right of first refusal from another shareholder of the Target Company in respect of the Equity Interest and the written consent from bank in respect of the Transaction) required for the Transaction contemplated under the Transaction Documents, and such consents and approvals would not alter the commercial terms under the Transaction Documents and shall remain in full force at Completion;
- (vi) the Seller has obtained approval from the State-owned Assets Supervision and Administration Commission of the State Council (or its authorized department) for the Transaction;
- (vii) no event has occurred which individually or collectively would cause a material adverse effect on the Transaction under the Equity Transfer Agreement, and it is reasonably anticipated that such events which individually or collectively would cause a material adverse effect will not occur;

- (viii) the shareholders of the Seller have passed resolutions to approve (i) the Equity Transfer Agreement and the Transaction; and (ii) the execution and performance of the Transaction Documents by the Seller; and the Company shall have obtained a written Shareholder's approval from its controlling Shareholder approving the Equity Transfer Agreement and the Transaction;
- (ix) the new factory under construction has been accepted by the Buyer in accordance with the general construction contract and the national law, regulations, and standards in relation to construction works;
- (x) the banks with which the Target Group have a loan relationship (and such loan(s) has not been fully repaid) have issued written letters consenting to or confirming no objection to the Transaction;
- (xi) the transaction documents in relation to the transfer of 34% equity interest in the Target Company held by Shaanxi Xinhuiyuan Pharmaceutical Technology Co., Ltd.* (陝西鑫匯源醫藥科技有限公司) to the Buyer have been duly executed and all the conditions precedent contained therein have been satisfied or waived in writing by the Buyer;
- (xii) the persons nominated by the Buyer have been duly appointed as the legal representative, director, supervisor, general manager and chief financial officer of the Target Company;
- (xiii) the Buyer has been registered by the Administration for Market Regulation (the "AMR") as the sole shareholder of entire equity interest in the Target Company, the filing procedures for the change of the articles of association, list of directors, legal representative, general manager, chief financial officer and supervisor designated by the Buyer have been completed at the AMR, the new business license and filing documents for the change of registration have been issued by the AMR to the Target Company, and such business license, change of registration documents for the Transaction, filing documents for the change of registration in respect of the change of articles of association, list of directors, legal representative, general manager, chief financial officer and supervisor have been delivered to the Buyer;
- (xiv) the Target Group has provided the Buyer with the financial statements of the Target Group, including the monthly financial statements for the period of 31 October 2022 up to the Completion Date, financial statements, relevant information and historical data in the financial system as of the Completion Date; and the Target Group shall ensure such statements, information and data are correct, complete and accurate;
- (xv) the Target Company has completed application or filing procedures (if necessary) for tax incentives for enterprises in the category of encouraged industries located in the Western China to be taxed at a reduced rate of 15% in accordance with the provisions of *Announcement of the Ministry of Finance, the State Taxation*

Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China (No. 23 of 2020);

- (xvi) the Target Company has entered into a perpetual royalty-free licence agreement in respect of the “Xiyun* (喜運)” trademark with an individual, who is the registrant of the trademark, and a director and general manager of each of the Target Company, Shaanxi Hi-tech and Daxingtang for obtaining the permission to use the said trademark; and
- (xvii) the Buyer has received a certificate of Completion duly executed and issued by the Seller certifying that all applicable conditions precedent set out in the Equity Transfer Agreement have been duly satisfied.

The Seller shall procure that the conditions precedent set out above are satisfied (or as the case may be, waived by the Buyer) on or before the Long Stop Date. In case the Seller fails to perform its duties in procuring the satisfaction of the conditions precedent, the Buyer shall have the right to terminate the Equity Transfer Agreement and demand the Seller to pay liquidated damages amounting to RMB10 million and thereafter the Seller shall be released from all the obligations and liabilities; provided that the right to terminate the Equity Transfer Agreement shall not be available to the Buyer if the Buyer’s failure to perform any of its obligations under the Equity Transfer Agreement has been a cause of the failure of the Completion by the Long Stop Date.

Completion

Completion shall take place on the tenth (10) Business Day following the fulfilment or waiver by the Buyer (as the case may be) of the conditions precedent set out in the Equity Transfer Agreement or such other date as the Seller and the Buyer may agree in writing.

Upon Completion, the Target Company will cease to be a subsidiary of the Company.

INFORMATION OF THE GROUP AND THE SELLER

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

The Seller is a company established in the PRC with limited liability, which is a wholly-owned subsidiary of the Company. The Seller is principally engaged in the production and sales of chemical generic medicines in the PRC.

INFORMATION OF THE TARGET GROUP

The Target Group consists of the Target Company and its subsidiaries, namely Shaanxi Hi-tech and Daxingtang. Each of the Target Company, Shaanxi Hi-tech and Daxingtang are companies established in the PRC with limited liability.

The Target Company is principally engaged in manufacturing and sales of Chinese medicine products. The Target Company has the land use rights pertaining to three pieces of lands in the PRC, (i) two of which are situated at No. 78 Zhongshan West Road, Jintai District* (金台區中山西路78號), Baoji City, Shaanxi Province, the PRC, both being held by the Group in return of rental income; and (ii) one of which is situated at 14km away from Baoping Road, Chencang District* (陳倉區寶平路十四公里處), Baoji City, Shaanxi Province, the PRC, where a production base has been built for manufacturing Chinese medicine products.

Shaanxi Hi-tech is principally engaged in manufacturing and sales of Chinese medicine products. Shaanxi Hi-tech has the land use right pertaining to one piece of land in the PRC situated at No. 506 Gaoxin Avenue, Chencang District* (陳倉區高新大道506號), Baoji City, Shaanxi Province, the PRC, where a new production base is under construction for manufacturing Chinese medicine products.

Daxingtang is principally engaged in research and development of Chinese medicine products. Daxingtang is inactive as at the date of this announcement.

Set out below are certain consolidated financial information of the Target Group prepared under accounting principles generally accepted in the PRC:

	For the year ended 31 December 2021 (audited) <i>Approximately (RMB'000)</i>	For the year ended 31 December 2022 (unaudited) <i>Approximately (RMB'000)</i>
Revenue	67,473	62,320
Net profit before taxation	2,161	2,044
Net profit after taxation	2,161	2,044

Based on the unaudited consolidated financial information of the Target Group, the total assets value and net assets value of the Target Group were approximately RMB211,319,720 and RMB39,465,103 respectively as at 31 December 2022.

FINANCIAL EFFECTS OF THE TRANSACTION

Upon Completion, the Group will cease to have any interest in the Target Company, and the financial results of the Target Group thereafter will no longer be consolidated in the financial statements of the Group.

After taking into account of the Consideration (i.e. RMB168,160,080), the adjusted carrying value of the net assets of the Target Group attributable to the Group as at 28 February 2023 (being the latest practicable date for ascertaining the value of the net assets prior to the entering of the Equity Transfer Agreement) of HK\$37,520,000, goodwill associated with the Target Group and the related transaction costs, the Group expects to record an estimated gain on disposal of subsidiaries of approximately HK\$108,084,000 as a result of the Transaction at Completion. The actual gain as a result of the Transaction to be recorded by the Group is subject to audit to be performed by the auditors of the Company upon completion.

REASONS FOR THE TRANSACTION

The Target Group is principally engaged in the business of the Chinese medicine-related fields, including the manufacturing and distribution of Chinese medicines and operating a production facility in Baoji City, Shaanxi Province. The main reasons for the Transaction are: (i) the price of raw materials for traditional Chinese medicine continues to rise, seriously affecting the profitability of the Target Group; (ii) the end-market of the Target Group is adversely affected by the pandemic with a slow recovery; (iii) the Target Group is not located in the core economic development district of Mainland China which poses certain obstacles such as product transportation, talents attraction, and market expansion and these issues were further highlighted amidst the pandemic; (iv) the demands for capital expenditure from the building of the production base of the Target Group are relatively high, and coupled with the impact of the three reasons abovementioned, the Company anticipated the period of the return on its investment would be longer than expected, resulting in an increased investment risk; and (v) the traditional Chinese medicine industry in which the Target Group is located has been affected by the continuous promotion of healthcare reform in Mainland China since the beginning of 2022, which brings uncertainties to the subsequent development of the Target Group. Considering the abovementioned reasons, and the relatively low contribution of the Target Group to the Group's revenue in the past two financial years (not more than 10%) as well as its low profitability, the Company believes that the Transaction represents a good opportunity to realize its investment in the Target Group, streamline its business operations, and reduce the uncertainties of the Group's future development. In particular, the Transaction aligns with the Group's current plan to deploy its resources in a more optimal way by concentrating the resources on driving the growth of pharmaceutical business of the Group, more specifically, in principal (i) production and sales of chemical generic drugs and prescription drugs undertaken by the Seller; and (ii) manufacturing, research and development, production and sales of active pharmaceutical ingredients and intermediates operated by Chongqing Kangle

Pharmaceutical Co., Ltd.* (重慶康樂製藥有限公司). Accordingly, the Transaction will enable the Group to increase its working capital and strengthen the overall financial position of the Group as well as accelerate the development of its pharmaceutical business.

The proceeds from the First Instalment of the Transaction of approximately RMB160,000,000 is intended to be used in the following manner:

- (i) approximately RMB30,000,000 will be utilised by the Seller to prepare its existing products to pass in the generic drug quality and therapeutic effect consistency assessment;
- (ii) approximately RMB40,000,000 will be utilised by the Seller to construct its comprehensive office and research and development building;
- (iii) approximately RMB30,000,000 will be used by the Seller to conduct research and development of new products; and
- (iv) approximately RMB60,000,000 will be applied as general working capital of the Group, including payment of administrative expenses such as salaries and rentals in the amount of approximately RMB20,000,000, procurement of raw materials in the amount of approximately RMB20,000,000, and payment of tax incurred as result of the Transaction in the amount of approximately RMB20,000,000.

The proceeds from the Final Payment of the Transaction of approximately RMB8,408,000 will be applied as general working capital of the Group to pay administrative expenses.

In light of the above, the Board considers that the terms of the Equity Transfer Agreement are fair and reasonable and on normal commercial terms and the entering into of the Equity Transfer Agreement 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.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in accordance with the Listing Rules in respect of the Transaction exceed 25% but are below 75%, the Transaction constitutes a major transaction of the Company and is subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have a material interest in the Equity Transfer Agreement and the transaction contemplated thereunder and therefore no

Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Equity Transfer Agreement and the transaction contemplated thereunder.

GENERAL

As at the date of this announcement, the Company has obtained a written Shareholder's approval from its controlling Shareholder, namely China Health which is in turn ultimately controlled by Shanxi State-owned Capital Operation Co., Ltd.* (山西省國有資本運營有限公司), a state-owned enterprise established by the Shanxi Province Government in the PRC, for approving the Equity Transfer Agreement and the transaction contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. As at the date of this announcement, China Health directly holds 3,172,778,000 Shares, representing approximately 56.77% of the issued share capital of the Company. Accordingly, no general meeting of the Company will be held for the approval of the Equity Transfer Agreement and the transaction contemplated thereunder.

Pursuant to Rule 14.41(a) of the Listing Rules, the Company is required to despatch to the Shareholders a circular in relation to the Transaction and other information required to be included therein under the Listing Rules within 15 business days after the publication of this announcement, that is, on or before 5 May 2023. Since additional time is needed for the Company to prepare and finalise certain information relating to indebtedness statement and working capital sufficiency for inclusion in the circular, the Company currently expects that the circular will be despatched on or before 31 May 2023 and will apply to the Stock Exchange for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules and make a further announcement regarding any delay in despatch of the circular in due course.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of the conditions precedent set out in the Equity Transfer Agreement and therefore may or may not occur. Shareholders and potential investors of the Company are reminded to exercise caution when dealing with the Shares and other securities of the Company.

DEFINITIONS

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

“Board” the board of Directors;

“Business Day” any day (excluding a Saturday or Sunday) on which commercial banks are generally open for business in the PRC and Hong Kong;

“Buyer”	Ping An Tsumura Inc.* (平安津村有限公司), a company established in the PRC and an Independent Third Party;
“China Health”	China Health Management Investment Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which directly holds approximately 56.77% shareholding in the Company as at the date of this announcement;
“Company”	Kontafarma China 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);
“Completion”	the completion of the Transaction in accordance with the terms and conditions of the Equity Transfer Agreement;
“Completion Date”	the tenth (10) Business Day after the date on which all of the conditions precedent set out in the Equity Transfer Agreement have been satisfied or waived by the Buyer (or such other date as the parties thereto may agree in writing) and when Completion takes place;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the total consideration in the amount of RMB168,160,080 payable by the Buyer to the Group for the transfer of the Equity Interest;
“controlling shareholder”	has the meaning ascribed to it under Rule 1.01 of the Listing Rules;
“Daxingtang”	Shaanxi Daxingtang Pharmaceutical Logistics Co., Ltd.* (陝西達興堂醫藥物流有限公司), a limited company established in the PRC, and a direct wholly-owned subsidiary of Shaanxi Hi-tech;
“Directors”	the director(s) of the Company;
“Effective Date”	the date on which the Equity Transfer Agreement is entered into and has become effective;
“Equity Interest”	66% of the equity interest in the Target Company;

“Equity Transfer Agreement”	the equity transfer agreement (產權交易合同) dated 13 April 2023 entered into between the Seller and the Buyer in relation to the Transaction (as amended and supplemented by the supplemental agreement (產權交易合同之補充協議) entered into between the same parties on the same day);
“Group”	the Company and its subsidiaries, and where the context requires, excluding the Target Group after Completion;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“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);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Long Stop Date”	30 days from the Effective Date or such other date as may be agreed by the Seller and Buyer;
“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;
“RMB”	Renminbi, the lawful currency of the PRC;
“Seller”	Tongfang Pharmaceutical Group Co., Ltd.* (同方藥業集團有限公司), a limited company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Shaanxi Hi-tech”	Shaanxi Unisplendour Hi-tech Pharmaceutical Co., Ltd.* (陝西紫光高新藥業有限公司), a limited company established in the PRC, and a direct wholly-owned subsidiary of the Target Company;
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company;

“Shareholder(s)”	the holder(s) of the Shares;
“SPTM”	Shanxi Property Trading Market* (山西省產權交易市場), through which the public bidding in relation to the transfer of the Equity Interest was held;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.* (陝西紫光辰濟藥業有限公司), a limited company established in the PRC, and a direct non-wholly owned subsidiary of the Seller;
“Target Group”	collectively the Target Company, Shaanxi Hi-tech and Daxingtang;
“Transaction”	the transfer of the Equity Interest pursuant to the terms of the Equity Transfer Agreement;
“Transaction Documents”	the Equity Transfer Agreement, the amended and restated articles of the Target Company, the written Shareholders’ approval, and relevant agreements or documents in relation to the Transaction under the Equity Transfer Agreement; and
“%”	per cent.

By order of the Board of
Kontafarma China Holdings Limited
Bai Pingyan
Chairman

Hong Kong, 13 April 2023

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Bai Pingyan (Chairman), Mr. Chai Hongjie, Mr. Huang Yu (President) 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