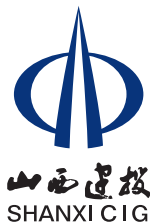


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華控康泰集團有限公司

Kontafarma China Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1312)

ANNOUNCEMENT PURSUANT TO RULES 13.51B(2) AND 13.51(2) OF THE LISTING RULES

This announcement is made by Kontafarma China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rules 13.51B(2) and 13.51(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcement of the Company dated 25 April 2023 (the “**Announcement**”) in relation to the notice of criticism (the “**Decision**”) from the Shenzhen Stock Exchange (the “**SZSE**”) against, among others, Shenzhen Huakong Seg Co., Ltd.* (深圳華控賽格股份有限公司) (“**Huakong Seg**”), a company listed on the SZSE (stock code: 000068), and Mr. Huang Yu (“**Mr. Huang**”), an executive director and the president of the Company, who was the chairman of Huakong Seg at the relevant time. As disclosed in the Announcement, the Decision was in relation to the entrusted wealth management agreement (the “**Agreement**”) entered into between Huakong Seg and Tongfang Investment Co., Ltd.* (同方投資有限公司) (“**Tongfang Investment**”) in January 2017, pursuant to which Tongfang Investment entrusted Huakong Seg to manage funds in the amount of RMB432,345,600 (the “**Incident**”). Please refer to the Announcement for details of the Decision from the SZSE in relation to the Incident.

On 23 May 2023, the Company was notified that, on 22 May 2023, Huakong Seg received the Advance Notice of Administrative Penalties ([2023] No. 6) (the “**Notice**”) dated 19 May 2023 issued by the Shenzhen Supervision and Administration Bureau of the China Securities Regulatory Commission (the “**CSRC**”) against, among others, Huakong Seg and Mr. Huang.

The CSRC stated in the Notice that the amount involved in the Agreement represented 39.57%, 46.17% and 45.16% of the audited net assets of Huakong Seg for 2017, 2018 and 2019, respectively. According to the requirements of relevant standards of the People's Republic of China (the "PRC"), Huakong Seg shall disclose the material contract and the fulfillment thereof in the relevant periodic reports. However, Huakong Seg failed to disclose as required, which resulted in material omissions in its 2017 interim and annual reports, 2018 interim and annual reports, and 2019 interim and annual reports. The CSRC considered that the aforesaid acts of Huakong Seg were suspected of violating the relevant laws of the PRC and constituted false records, misleading statements or material omissions in the reports submitted or information disclosed by the information disclosure obligor. The CSRC further considered that Mr. Huang, the then chairman of Huakong Seg, led the decision-making process of matters such as the entering into of the material contract and was aware of the contents of the Agreement; as well as signed the written confirmation opinions on the 2017 interim and annual reports, the 2018 interim and annual reports, and the 2019 interim and annual reports to ensure the truthfulness, accuracy and completeness of the contents of the reports. Mr. Huang violated the relevant laws of the PRC and constituted a directly responsible officer. Therefore, the CSRC issued a warning and imposed a fine of RMB1 million on, among others, Huakong Seg and Mr. Huang, respectively.

The board (the "**Board**") of directors (the "**Directors**") of the Company (other than Mr. Huang) understands that the relevant incident on which the Notice is based is identical to the Incident that described in the Announcement previously published by the Company. The Board has assessed the entire incident and understands that the CSRC has not indicated that the Incident involves any dishonesty, fraud or integrity issue on the part of Mr. Huang. In addition, Mr. Huang has not been ordered by the CSRC to be prohibited from acting as a director of any company listed in the PRC as a result of the Incident. Having considered the implications of the Notice as well as the character, past compliance track record, experience and integrity of Mr. Huang as a whole, the Board (with Mr. Huang having abstained from making any consideration and decision) is of the view that the Incident has not impaired the suitability of Mr. Huang for acting as a Director and Mr. Huang is able to continue to perform his duties as a Director.

The Notice is not made against any members of the Group and the Board is of the view that the Notice has not had any material adverse impact on the business and/or operation of any members of the Group.

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

Hong Kong, 24 May 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