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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**”).

The Company has been recently notified that the Shenzhen Stock Exchange (the “**SZSE**”) has issued a notice of criticism (No. [2023]834) 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. Chai Hongjie (“**Mr. Chai**”), an executive director of the Company, on 4 September 2023 (the “**Decision**”). Mr. Chai was the general manager of Huakong Seg at the relevant time.

The SZSE stated in the Decision that, in the 2022 annual results forecast disclosed by Huakong Seg on 30 January 2023, it was expected that the net profit attributable to the shareholders of Huakong Seg for 2022 (the “**Net Profit**”) would be RMB320,000,000 to RMB400,000,000. According to the 2022 annual report disclosed by Huakong Seg on 29 April 2023, the audited Net Profit for 2022 turned into a loss of RMB217,657,100. The estimated Net Profit disclosed in the 2022 annual results forecast of Huakong Seg was significantly different from the audited Net Profit disclosed in the 2022 annual report and there has been a change in nature of profit and loss (the “**Difference**”), and the disclosure of the results forecast was inaccurate. The SZSE held that the above acts of Huakong Seg are in breach of the Rules Governing the Listing of Shares on SZSE (the “**SZSE Listing Rules**”). The SZSE further held that the relevant responsible persons of Huakong Seg at the relevant time failed to perform their duties diligently and honestly, in violation of the SZSE Listing Rules, and shall bear important responsibilities for the above breaches of Huakong Seg. As a result, the SZSE issued a notice of criticism against, among others, Huakong Seg and Mr. Chai, the general manager of Huakong Seg at the relevant time.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company has made inquiries with Mr. Chai who had consulted PRC lawyers, and was informed that (i) as disclosed in the revised 2022 annual results forecast announcement of Huakong Seg dated 29 April 2023 on the website of the SZSE (www.szse.cn), the Difference was resulted from the reclassification by the auditor of Huakong Seg of investment income originally recognised by Huakong Seg on the transfer of 60% equity interest in its subsidiary, Shenzhen Huakong Seg Real Estate Co., Ltd.* (深圳華控賽格置業有限公司), to liabilities during the reporting period; and (ii) Mr. Chai has not been prohibited by the SZSE from acting as a director.

The Board (other than Mr. Chai) has assessed the Decision and noted that (i) the SZSE has not indicated that the incident involved any dishonesty, fraud or integrity issue on the part of Mr. Chai; and (ii) the Decision does not affect the qualification of Mr. Chai as a director or refrain Mr. Chai from acting as a director under the PRC laws. Having considered the implications of the Decision and the character, past compliance track record, experience and integrity of Mr. Chai as a whole, the Board (with Mr. Chai abstained from making any consideration and decision) is of the view that the incident would not impair Mr. Chai’s suitability to act as a Director and Mr. Chai is able to continue to fulfill his duties as a Director.

The Decision is not made against any members of the Group and the Board is of the view that there will not be any material adverse impact on the business and/or operation of any members of the Group as a result of the Decision.

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

Hong Kong, 19 September 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*