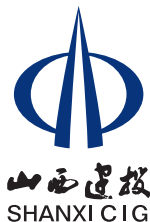


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# 華控康泰集團有限公司

## Kontafarma China Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1312)

### **DISCLOSEABLE TRANSACTION IN RELATION TO PROVISION OF LOAN TO TRUE CONCEPT IN SUPPORT OF TAIWAN FITNESS BUSINESS**

#### **THE LOAN AGREEMENT**

On 24 May 2024, the Company (as lender) and True Concept (as borrower) entered into the Loan Agreement, pursuant to which the Company agreed to lend to True Concept a loan in the principal amount of US\$850,000 (equivalent to approximately HK\$6,672,500) for a term of 60 months, at an interest rate of 10% per annum. True Concept shall apply the Loan as working capital in the ordinary course of business and operation of fitness business in Taiwan.

#### **LISTING RULES IMPLICATIONS**

Prior to the provision of the Loan, the Company had provided to True Concept the Previous Loans, which remain outstanding and have not yet matured as at the date of this announcement.

Since the Previous Loans and the Loan are the loans provided by the Company to the same party, they should be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable Percentage Ratios stipulated under Rule 14.07 of the Listing Rules in respect of the principal amounts of the Previous Loans and the Loan in aggregate exceed 5% but are less than 25%, the Loan constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## INTRODUCTION

On 24 May 2024, the Company (as lender) and True Concept (as borrower) entered into the Loan Agreement, pursuant to which the Company agreed to lend to True Concept a loan in the principal amount of US\$850,000 (equivalent to approximately HK\$6,672,500). True Concept shall apply the Loan as working capital in the ordinary course of business and operation of fitness business in Taiwan.

## THE LOAN AGREEMENT

The principal terms of the Loan Agreement are set forth below:

Date	:	24 May 2024
Parties	:	(1) the Company (as lender); and (2) True Concept (as borrower)
Principal amount	:	US\$850,000 (equivalent to approximately HK\$6,672,500)
Term	:	sixty (60) months commencing from the drawdown date
Maturity date	:	the date falling sixty (60) months after the drawdown date, which may be extended if requested in writing by True Concept subject to consent in writing by the Company
Interest	:	at 10% per annum
Repayment	:	True Concept shall repay the full principal of the Loan together with accrued interest on the Loan on or before the maturity date

The Company shall have the overriding right at any time by written notice to True Concept to demand immediate repayment of the whole or any part of the Loan and all interest accrued thereon under the Loan Agreement whereupon the same shall be repaid by True Concept within twenty (20) business days from the date of such notice (or such other day as may be designated in writing by the Company)

Default interest	:	If True Concept defaults in repayment on the due date of the Loan, interest or other amounts payable, True Concept shall pay interest on such overdue sums from the due date until payment in full (before and after judgment) at the rate of 10% per annum
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- Prepayment : True Concept may, at any time after the expiration of 12 months from the drawdown date, prepay to the Company the whole or part of the Loan together with all accrued interest thereon before the maturity date, provided that True Concept shall have given to the Company not less than 3 business days' prior written notice specifying the amount and date of prepayment
- Conditions Precedent : The obligation of the Company to advance the Loan to True Concept is conditional upon:
- (1) all necessary approval, consents, authorisations and licences in relation to the transactions contemplated under the Loan Agreement having been obtained;
  - (2) all representations and warranties made by True Concept in the Loan Agreement shall be true and correct with the same effect as though made on and as of drawdown date with reference to the facts and circumstances then subsisting;
  - (3) no event of default shall have occurred or potential event of default shall have occurred (or would be likely to occur as a result of the Loan being made); and
  - (4) the Company shall have received and found satisfactory such additional information and documents relating to True Concept as the Company may require

#### **REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN AGREEMENT**

True Concept is principally engaged in the fitness business in Taiwan, and it has been accounted for an associate of the Company in the financial statements of the Company since the acquisition by the Group of True Yoga Cayman (being True Concept's parent company) in May 2017.

Although True Concept has made tremendous efforts in recovering its fitness business in Taiwan following the COVID-19 pandemic, True Concept still requires support from the shareholders to continue to drive efficiency and productivity, and build upon its market share in Taiwan, to contribute returns to the Group. Given that the Group's cooperation with True Concept is the Group's only existing franchise model in the fitness business, the Company believes that providing the Loan to True Concept will sustain and support the fitness franchise model of the Group which in turn can be replicated in other regions in long run. The Company will closely monitor the financial position of True Concept.

The terms of the Loan Agreement, including the interest rate, were agreed by the parties after arm's length negotiations having taken into account of the prevailing market interest rates and practices as well as the interest rate of the Previous Loans provided by the Company. The funding for the Loan shall be satisfied by internal resources of the Group and based on the expected development of the fitness business in Taiwan in long run, it is therefore believed that the provision of the Loan shall not lead to adverse impact on the Group.

In view of the above, the Directors believe that the transaction pursuant to the terms of the Loan Agreement is in the interests of the Company and the Shareholders as a whole and the terms are fair and reasonable.

#### **INFORMATION OF THE COMPANY AND OTHER PARTIES**

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.

True Concept is a company incorporated in Taiwan with limited liability and paid-up registered capital is indirectly owned as to 29% by the Company. As at the date of this announcement, the principal activities of True Concept include 14 fitness centres in Taiwan with a total floor area of more than 50,000 square meters and a total number of members exceeding 40,000.

## LISTING RULES IMPLICATIONS

As disclosed in the announcements of the Company dated 30 October 2023 and 28 March 2024, prior to the provision of the Loan, the Company had provided to True Concept the Previous Loans, which remain outstanding and have not yet matured as at the date of this announcement. The aggregate principal amounts of the Previous Loans are US\$5,370,000 with the interest of 10% per annum. Of these Previous Loans, US\$1,300,000 and the interest thereon will be due and payable on 7 July 2024, US\$570,000 and the interest thereon will be due and payable on 27 March 2026, and US\$3,500,000 and the interest thereon will be due and repayable on 1 November 2028, subject to extension as may be consented by the Company as the lender.

Since the Previous Loans and the Loan are the loans provided by the Company to the same party, they should be aggregated as a series of transactions pursuant to Rule 14.22 of the Listing Rules. As one or more of the applicable Percentage Ratios stipulated under Rule 14.07 of the Listing Rules in respect of the principal amounts of the Previous Loans and the Loan in aggregate exceed 5% but are less than 25%, the Loan constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Company”	Kontafarma China Holdings Limited (華控康泰集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board (Stock Code: 1312), being the lender under the Loan Agreement
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) and its(their) respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is(are) third party(ies) 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
“Loan”	the loan in principal amount of US\$850,000 (equivalent to approximately HK\$6,672,500) provided by the Company to True Concept pursuant to the terms of the Loan Agreement
“Loan Agreement”	the loan agreement dated 24 May 2024 entered into between the Company (as lender) and True Concept (as borrower)
“Main Board”	the Main Board of 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, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Previous Loans”	the three previous loans in the aggregate principal amounts of US\$5,370,000 provided by the Company to True Concept prior to the provision of the Loan, which remain outstanding and have not yet matured as at the date of this announcement
“Shareholder(s)”	holder(s) of the issued share(s) of the Company
“True Concept”	True Concept Ltd.* (全真概念健康事業股份有限公司), a company incorporated in Taiwan with limited liability and an associate of the Company in which 29% of the paid-up registered capital is indirectly owned by the Company, being the borrower under the Loan Agreement
“True Yoga Cayman”	True Yoga Holdings Limited (全真瑜珈控股有限公司), a company incorporated in the Cayman Islands, whose issued share capital is owned as to 71% by Ultimate Victory and 29% by the Company as at the date of this announcement
“Ultimate Victory”	Ultimate Victory Limited (至勝有限公司), a company incorporated in the Cayman Islands with limited liability and the majority shareholder of True Concept indirectly owning 71% of the paid-up registered capital of True Concept

“US\$” United States Dollars, the lawful currency of the United States of America

“%” per cent

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

Hong Kong, 24 May 2024

*For the purpose of this announcement, unless otherwise indicated, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1 = HK\$7.85. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in US\$ or HK\$ has been or could have been or may be converted at such or another rate or at all.*

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Bai Pingyan (Chairman), Mr. Chai Hongjie and Mr. Jiang Chaowen (Chief Executive Officer); one non-executive Director, namely Mr. Huang Yu; and three independent non-executive Directors, namely Mr. Chan Sze Chung, Mr. Zhang Ruibin and Mr. Zhang Junxi Jack.*

*\* for identification only*