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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 AND CONNECTED TRANSACTION IN RELATION TO THE CONSTRUCTION CONTRACT FOR BEIJING R&D COMPLEX

THE BEIJING CONSTRUCTION CONTRACT

On 18 August 2025, Tongfang Pharmaceutical, a direct wholly-owned subsidiary of the Company, entered into the Beijing Construction Contract with Beijing Qingkong, pursuant to which Tongfang Pharmaceutical agreed to engage Beijing Qingkong as the general contractor to carry out the construction works for the Beijing R&D Complex Project at the estimated contract price of RMB33,672,360.58 (subject to adjustments).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the transaction contemplated under the Beijing Construction Contract is more than 5% but less than 25%, the transaction contemplated under the Beijing Construction Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Beijing Qingkong is an indirect non-wholly owned subsidiary of Shenzhen Waranty, which is the controlling shareholder of the Company, holding approximately 56.77% of the entire issued share capital of the Company through China Health. Accordingly, Beijing Qingkong is an associate of Shenzhen Waranty and a connected person of the Company, and the transaction contemplated under the Beijing Construction Contract constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Beijing Construction Contract and the transaction contemplated thereunder. China Health (directly holding an aggregate of 3,172,778,000 Shares, representing approximately 56.77% of the issued share capital of the Company as at the date of this announcement) shall abstain from voting on the resolution approving the Beijing Construction Contract and the transaction contemplated thereunder at the EGM. Save as aforementioned, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, no other Shareholder has any material interest in the transaction contemplated under the Beijing Construction Contract and would be required to abstain from voting at the EGM.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to consider the terms of the Beijing Construction Contract and the transaction contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Beijing Construction Contract are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote in respect of the resolution to be proposed at the EGM to approve the Beijing Construction Contract and the transaction contemplated thereunder, after taking into account the advice from the Independent Financial Adviser.

Aurelius Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) further information on the Beijing Construction Contract and the transaction contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) the notice convening the EGM together with the proxy form, is currently expected to be despatched to the Shareholders on or before 8 September 2025, so as to allow sufficient time for the Company to prepare the required information for inclusion in the Circular.

THE BEIJING CONSTRUCTION CONTRACT

On 18 August 2025, Tongfang Pharmaceutical, a direct wholly-owned subsidiary of the Company, entered into the Beijing Construction Contract with Beijing Qingkong, pursuant to which Tongfang Pharmaceutical agreed to engage Beijing Qingkong as the general contractor to carry out the construction works for the Beijing R&D Complex Project at the estimated contract price of RMB33,672,360.58 (subject to adjustments).

The principal terms of Beijing Construction Contract are set out below:

Date:	18 August 2025 (after trading hours)
Parties:	(i) Tongfang Pharmaceutical, as the principal; and (ii) Beijing Qingkong, as the contractor
Project scope:	Pursuant to the Beijing Construction Contract, Beijing Qingkong, as a general contractor, is responsible for the construction of the Beijing R&D Complex Project, including but not limited to foundation and substructure, main structure, fitting out and decoration, roof, plumbing and heating, electrical works, ventilation and air conditioning, and elevators.
Contract period:	320 days
Construction contract price and payment term:	The total contract sum is estimated to be RMB33,672,360.58, which is subject to adjustments based on the actual construction period and construction works conducted and with reference to the latest published price of labour and materials in Beijing. The contract price was arrived at by a tender process conducted by the Group for the Beijing R&D Complex Project. For details of the tender process, please refer to the paragraph headed "Reasons for and benefits of the entering into of the Beijing Construction Contract" below. The total contract price shall be payable on a monthly basis based on construction progress. The Board is of the view that the total contract price under the Beijing Construction Contract is fair and reasonable. The total contract price for the Beijing R&D Complex Project will be funded by bank borrowings and internal resources of the Group.
Condition precedent:	The Beijing Construction Contract shall be conditional upon the Independent Shareholders having approved the Beijing Construction Contract and the transaction contemplated thereunder.
Expected date of commencement and completion:	Subject to fulfillment of the condition precedent, the construction works under the Beijing Construction Contract are tentatively expected to commence on 2 September 2025 and to be completed on 18 July 2026.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE BEIJING CONSTRUCTION CONTRACT

The Beijing R&D Complex will be constructed on the site owned by Tongfang Pharmaceutical, enabling the Group to optimize the resource utilization while supporting the Group's business development and expansion. The Beijing R&D Complex is expected to be constructed into a five-floor building, with the main portion to be used for research and development purposes, one floor dedicated to a staff canteen, and certain areas reserved for office use. The establishment of the Beijing R&D Complex would (i) provide adequate space for the R&D team, improving the Group's research, development and innovation capacities for chemical generic drugs, (ii) offer employees modern office environments, improving their working efficiency and facilitating collaboration, and (iii) feature a new, safe canteen to enhance corporate image and boost employee satisfaction. Therefore, the Board believes that the construction of the Beijing R&D Complex aligns with the Group's overall strategy and would benefit its long-term business development in the pharmaceutical segment.

The contractor for the Beijing R&D Complex Project and the contract price were determined through a tendering process conducted by the Group. The Group has engaged a tendering agent, being an Independent Third Party, to prepare the bidding documents and administer the bidding process for the Beijing R&D Complex Project. Tenders were received from Beijing Qingkong and three other bidders, with one bidder being an Independent Third Party and the other two bidders being the subsidiaries of Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司), the indirect holding company of the Company. The tendering process was a scoring system based on criteria set out in the bidding documents, including (i) the bidding price; (ii) construction organisation and design; and (iii) corporate reputation of the bidders. The bids were assessed by an evaluation committee comprising seven members, five of which are independent construction and/or economic experts (the "**Independent Experts**") randomly selected from Beijing Bid Evaluation Expert Database* (北京市評標專家庫), which is established and maintained by the Beijing government, and the remaining two are representatives from Tongfang Pharmaceutical. The estimated contract price of RMB33,672,360.58 offered by Beijing Qingkong is (a) in line with the bidding price offered by it in its tender documents which is the second lowest bidding price; (b) approximately RMB16,520 (or approximately 0.05%) higher than the lowest bidding price of RMB33,655,840.02 which is considered to be insignificant; and (c) within the range of bidding price amongst the four tender documents received and therefore is not less favourable from the Independent Third Parties. Thus, although the contract price offered by Beijing Qingkong is not the lowest amongst the four bidders, considering that, among other things, (i) the proposal submitted by Beijing Qingkong was comprehensive and practical and conformed to the requirements set out in the bidding documents; and (ii) Beijing Qingkong has a proven track record in engineering, procurement and construction and design projects for Pharmaceutical industry, Beijing Qingkong was rated first among the bidders under the tendering process. Accordingly, the Beijing Construction Contract was awarded to Beijing Qingkong.

In light of the above, the Board considers that the terms of the Beijing Construction Contract are fair and reasonable and on normal commercial terms and the entering into of the Beijing Construction Contract 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.

None of the Directors had a material interest in the Beijing Construction Contract and the transaction contemplated thereunder, and therefore no Director abstained from voting in respect of the Board resolutions approving the aforesaid.

INFORMATION OF THE PARTIES

The Group

The Company is an investment holding company and the Group is currently principally engaged in (i) manufacturing and sales of drugs in the PRC, including chemical drugs, active pharmaceutical ingredients ("**API**") and API intermediate; and (ii) operating of fitness centres and provision of consultation services for fitness and health activities, and operating of franchise business for royalty fee income.

Tongfang Pharmaceutical

Tongfang Pharmaceutical is a company established in the PRC with limited liability and is a direct wholly-owned subsidiary of the Company. Tongfang Pharmaceutical is principally engaged in the production and sales of chemical generic drugs.

Beijing Qingkong

Beijing Qingkong is a company established in the PRC with limited liability and is an indirect non-wholly owned subsidiary of Shenzhen Waranty, which is in turn ultimately controlled by State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government* (山西省人民政府國有資產監督管理委員會). Beijing Qingkong is principally engaged in the provision of design, installation, construction and related engineering services in the PRC.

LISTING RULES IMPLICATIONS OF THE TRANSACTION

As the highest applicable percentage ratio in respect of the transaction contemplated under the Beijing Construction Contract is more than 5% but less than 25%, the transaction contemplated under the Beijing Construction Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Beijing Qingkong is an indirect non-wholly owned subsidiary of Shenzhen Waranty, which is the controlling shareholder of the Company, holding approximately 56.77% of the entire issued share capital of the Company through China Health. Accordingly, Beijing Qingkong is an associate of Shenzhen Waranty and a connected person of the

Company, and the transaction contemplated under the Beijing Construction Contract constitutes a connected transaction of the Company and is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Beijing Construction Contract and the transaction contemplated thereunder. China Health (directly holding an aggregate of 3,172,778,000 Shares, representing approximately 56.77% of the issued share capital of the Company as at the date of this announcement) shall abstain from voting on the resolution approving the Beijing Construction Contract and the transaction contemplated thereunder at the EGM. Save as aforementioned, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, no other Shareholder has any material interest in the transaction contemplated under the Beijing Construction Contract and would be required to abstain from voting at the EGM.

The Company has established the Independent Board Committee comprising all three independent non-executive Directors to consider the terms of the Beijing Construction Contract and the transaction contemplated thereunder, and to advise the Independent Shareholders as to whether the terms of the Beijing Construction Contract are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote in respect of the resolution to be proposed at the EGM to approve the Beijing Construction Contract and the transaction contemplated thereunder, after taking into account the advice from the Independent Financial Adviser.

Aurelius Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to the foregoing matters.

A circular containing, among other things, (i) further information on the Beijing Construction Contract and the transaction contemplated thereunder; (ii) the recommendations of the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; and (iv) the notice convening the EGM together with the proxy form, is currently expected to be despatched to the Shareholders on or before 8 September 2025, so as to allow sufficient time for the Company to prepare the required information for inclusion in the Circular.

DEFINITIONS

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

"associate"	has the meaning ascribed to it under the Listing Rules
"Beijing Construction Contract"	the construction contract dated 18 August 2025 entered into between Tongfang Pharmaceutical and Beijing Qingkong in respect of the Beijing R&D Complex Project
"Beijing Qingkong"	Beijing Qingkong Zhongchuang Construction Co., Ltd.* (北京清控中創工程建設有限公司), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of Shenzhen Waranty
"Beijing R&D Complex"	the new research and development complex and ancillary gates to be constructed at No. 23 Xikang Road, Badaling Town, Yanqing District, Beijing, the PRC* (中國北京市延慶區八達嶺鎮西康路23 號)
"Beijing R&D Complex Project"	the construction project of the Beijing R&D Complex
"Board"	the board of Directors
"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)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Directors"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Beijing Construction Contract and the transaction contemplated thereunder
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a committee of the Board comprising Dr. Tang Lai Wah, Dr. Ho Ho Ming and Mr. Yao Xiaomin, all being the independent non-executive Directors, which is formed to advise the Independent Shareholders on the Beijing Construction Contract and the transaction contemplated thereunder
"Independent Financial Adviser"	Aurelius Corporate Finance Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Beijing Construction Contract and the transaction contemplated thereunder
"Independent Shareholders"	Shareholders who are not interested or involved in the Beijing Construction Contract and the transaction 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
"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
"RMB"	Renminbi, the lawful currency of the PRC
"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
"Shenzhen Waranty"	Shenzhen Waranty Asset Management Co., Ltd.* (深圳市華融泰資產管理有限公司), a company established in the PRC and the indirect holding company of China Health
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tongfang Pharmaceutical"	Tongfang Pharmaceutical Group Co., Ltd.* (同方藥業集團有限公司), a company established in the PRC and a direct wholly-owned subsidiary of the Company
"%"	per cent

By order of the Board of
Kontafarma China Holdings Limited
Wang Feifei
Chairman

Hong Kong, 18 August 2025

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wang Feifei (Chairman and President), Ms. Qiao Linna, Ms. Guo Zixiu (Financial Controller) and Mr. Liu Jiankun; one non-executive Director, namely Mr. Huang Yu; and three independent non-executive Directors, namely Dr. Tang Lai Wah, Dr. Ho Ho Ming and Mr. Yao Xiaomin.

* *For identification purposes only*