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**同方康泰產業集團有限公司**  
**Tongfang Kontafarma Holdings Limited**

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

**(Stock Code: 1312)**

**VERY SUBSTANTIAL ACQUISITION IN RELATION TO  
SUBSCRIPTION OF EQUITY INTEREST IN BINEX CO., LTD.,  
A COMPANY LISTED ON KOSDAQ OF KOREA EXCHANGE  
AND  
RESUMPTION OF TRADING**

**Financial adviser**



禹銘投資管理有限公司  
YU MING INVESTMENT MANAGEMENT LIMITED

**THE SUBSCRIPTION**

On 29 November 2016 (before trading hours), the Company entered into the Share Subscription Agreement with the Target Company, being a company listed on KOSDAQ of Korea Exchange, and the Majority Korean Shareholders, pursuant to which the Company (or through its wholly owned subsidiary designated by it) has conditionally agreed to subscribe from the Target Company, and Target Company has conditionally agreed to issue to the Company (or through its wholly owned subsidiary designated by it), the Subscription Shares, representing (i) approximately 29% of the total issued share capital of the Target Company as enlarged by the Subscription Shares immediately upon Closing; and (ii) approximately 28% of the total issued share capital of the Target Company as enlarged by the Subscription Shares and assuming that all the outstanding convertible bonds and employees share options of the Target Company are fully converted and exercised.

Upon Closing, the Target Company will have a total of 7 directors, 4 of which will be nominated by the Company and the remaining 3 will be nominated by the Majority Korean Shareholders. As at the date of this announcement, the Majority Korean Shareholders hold an aggregate of approximately 11.05% shareholding in the Target Company and they will hold approximately 7.60% of the total issued share capital of the Target Company as enlarged by the Subscription Shares immediately upon Closing. Pursuant to the Entrusted Voting Agreement, the Majority Korean Shareholders have undertaken to, with effect from Closing, entrust the Company to exercise voting rights attaching to the shares of the Target Company held by the Majority Korean Shareholders in relation to resolutions of the shareholders approving appointment and removal of the directors of the Target Company. In view of the position of the Company to control the composition of a majority of the board of directors of the Target Company upon Closing and in contemplation of the arrangement under the Entrusted Voting Agreement, the Target Company will be regarded as a non-wholly owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the accounts of the Group upon Closing.

## **IMPLICATIONS UNDER THE LISTING RULES**

As one of the applicable percentage ratios in respect of the Subscription exceeds 100%, the Subscription constitute a very substantial acquisition for the Company under Chapter 14 of the Listing Rules and are therefore subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **GENERAL**

A circular containing, among other things, (i) further details on the Share Subscription Agreement, the Shareholders Agreement and the Entrusted Voting Agreement; (ii) the financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules will be despatched to the Shareholders as soon as practicable. It is currently expected that the Company may not be able to despatch the circular on or before 11 January 2017, being the fifteenth business day after the publication of this announcement as stipulated under Rule 14.60(7) of the Listing Rules, due to the reason that more time is required to prepare relevant information to be included in the circular under the Listing Rules. The Company shall make a further announcement of any expected delay in despatch of the circular in due course.

At the request of the Company, trading in the Shares was suspended with effect from 9:00 a.m. on 29 November 2016 pending publication of this announcement. The Company have made an application to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange from 9:00 a.m. on 19 December 2016.

**As the completion of the Share Subscription Agreement is subject to the fulfillment of the conditions precedent contained therein, the Subscription may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

### **(A) INTRODUCTION**

The Board is pleased to announce that on 29 November 2016 (before trading hours), the Company entered into the Share Subscription Agreement with the Target Company and the Majority Korean Shareholders relating to the Subscription. On the same date, the Shareholders Agreement and the Entrusted Voting Agreement, which will take effect upon Closing, were also signed.

## **(B) THE SHARE SUBSCRIPTION AGREEMENT**

### **Date**

29 November 2016

### **Parties**

1. the Company;
2. the Target Company, being a company listed on KOSDAQ of Korea Exchange; and
3. the Majority Korean Shareholders, which include Binex Holdings, Able Partners, Mr. Lee and Mr. Jeong.

As at the date of this announcement, an aggregate of approximately 11.05% of the equity interest in the Target Company is directly held by the Majority Korean Shareholders, amongst which 8.68% is held by the Binex Holdings, 2.04% is held by Able Partners, 0.11% is held by Mr. Jeong and 0.22% is held by Mr. Lee. Binex Holdings is in turn owned as to 47.77%, 25.63% and 26.60% by Mr. Lee, Mr. Jeong and Able Partners, respectively and Able Partners is in turn owned as to 81.82% and 18.18% by Mr. Jeong and the spouse of Mr. Jeong respectively.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save and except for the transaction contemplated under the Share Subscription Agreement, each of Mr. Lee, Mr. Jeong, the Target Company, Binex Holdings and Able Partners and, if applicable, their respective ultimate beneficial owner(s) is an Independent Third Party. Mr. Lee and Mr. Jeong and their respective associates are currently not director, chief executive or controlling shareholder of the Company, nor they will become director, chief executive or controlling shareholder of the Company as a result of the Subscription. As such, neither Mr. Lee nor Mr. Jeong is a controller or proposed controller of the Company under the definition of Rule 14A.28 of the Listing Rules. Further, Mr. Lee and Mr. Jeong do not have any relationships (business or otherwise) with any Directors, senior management or controlling Shareholders of the Company.

### **The Subscription**

The Company (or through its wholly owned subsidiary designated by it) has conditionally agreed to subscribe, and Target Company has conditionally agreed to issue to the Company (or through its wholly owned subsidiary designated by it), the Subscription Shares, representing (i) approximately 29% of the total issued share capital of the Target Company as enlarged by the Subscription Shares immediately upon Closing; and (ii) approximately 28% of the total issued share capital of the Target Company as enlarged by the Subscription Shares and assuming that all the outstanding convertible bonds and employees share options of the Target Company are fully converted and exercised.

## Subscription Consideration

The total Subscription Consideration is KRW210,916,768,000 (equivalent to approximately HK\$1,397,725,434), based on the subscription price of KRW16,000 (equivalent to approximately HK\$106) per share. The Company shall satisfy the Subscription Consideration by cash upon Closing.

The subscription price of KRW16,000 (equivalent to approximately HK\$106) per Subscription Share has been determined after arm's length negotiations between the Company and the Target Company and represented approximately 10% discount of KRW17,737 (equivalent to approximately HK\$118), being the Basic Price (as defined below) per Common Stock.

According to the Regulation on Securities Issuance and Disclosures in Korea, the Basic Price is a reference price based on which the price for issuance of new shares by a company listed on KOSDAQ of Korea Exchange should be determined. Korean listed companies and the investors who subscribe for new shares of the Korean listed companies are allowed to negotiate and reach an agreement on the discount to the Basic Price, provided that the discount cannot be more than 10% to the Basic Price pursuant to the Regulation on Securities Issuance and Disclosures.

The Basic Price per share pursuant to the Regulation on Securities Issuance and Disclosures should be the lower of:

- (A) the arithmetical average of (i) the volume-weighted average trading price of the shares of the Target Company for the one-month period immediately preceding the date on which the board of directors of the Target Company approved the issuance (i.e. 29 November 2016 (the "**Relevant Date**")), (ii) the volume-weighted average trading price of the shares of the Target Company for the one-week period immediately preceding the Relevant Date and (iii) the volume-weighted average trading price of the shares of the Target Company one day immediately preceding the Relevant Date; or
- (B) the volume-weighted average trading price of the shares of the Target Company one day immediately preceding the Relevant Date.

The Basic Price per share of the Target Company for the purpose of the Subscription was KRW17,737 (equivalent to approximately HK\$118). The subscription price of KRW16,000 (equivalent to approximately HK\$106) for each Subscription Share represented approximately 10% discount to the Basic Price, which is the maximum discount allowed under the Regulation on Securities Issuance and Disclosures. The maximum discount was agreed between the Company and the Target Company with reference to the financial performance, capital need and future prospect of the Target Company as well as the means and size of investment by the Company in the Target Company.

## Conditions precedent

Closing is conditional on the fulfilment of, amongst others, the following conditions precedent:

- (a) all representations and warranties made respectively by the Target Company, the Majority Korean Shareholders and the Company remaining true in all material respects on and as of the Closing Date;
- (b) all necessary approvals and consents from, and/or filing with relevant authority in connection with the transactions contemplated under the Share Subscription Agreement and other Transaction Documents (to the extent applicable), having been obtained. As advised by the Korea lawyer of the Company, the relevant regulatory approval/filing required in Korea include (i) the filing of the Business Combination Report and the Foreign Investment Report with the Fair Trade Commission of Korea by the Company; (ii) the filing of the Foreign Investment Report and the registration of foreign invested enterprise with a foreign exchange bank by the Company; and (iii) the filing with the Bank of Korea regarding the guarantee given by the Majority Korean Shareholders in favour of the Company and the Put Option (as defined below) granted by the Majority Korean Shareholders to the Company under the Subscription;
- (c) the Target Company having obtained approvals from its board of directors at the board meeting and its shareholders at the general meeting of shareholders for (i) the appointment of 4 new directors of the Target Company as nominated by the Company in place of the 4 existing directors as well as the appointment of the chief financial officer and external auditor nominated by the Company to the Target Company, (ii) amendment of the Articles of Incorporation to reflect the arrangements agreed among the Target Company, the Majority Korean Shareholders and the Company under the Shareholders Agreement and (iii) the Share Subscription Agreement, the Shareholders Agreement and other Transaction Documents;
- (d) the Shareholders having approved at the EGM the Share Subscription Agreement, the Transaction Documents and the transactions contemplated thereunder including but not limited to the Subscription for necessary compliance with the Listing Rules;
- (e) each of the Transaction Documents having been duly executed in the form and substance agreed among the parties;
- (f) up to the Closing Date, there being (i) no material adverse effect in connection with the Target Group, and (ii) no change in political or economic circumstances or, change in laws, that would make the transactions contemplated in the Subscription Agreement impractical or illegal;
- (g) the Target Company having received the resignation letters from certain existing directors in the board of directors of the Target Company as agreed between the Target Company and the Company; and

- (h) the Company being satisfied, at its sole discretion, that its due diligence review of the Target Group and its business has been completed provided that as long as the due diligence will not reveal any incident leading to reduction of net assets value of the Target Group or contingent liability of more than 3% of the net assets value of the Target Group, the due diligence review is deemed to be satisfactory to the Company.

Under the Share Subscription Agreement, there is no specific provision stipulating that any particular condition precedent can be waived by any party to the Share Subscription Agreement.

### **Indemnity and Guarantee by the Majority Korean Shareholders**

The Majority Korean Shareholders unconditionally and irrevocably guarantee to the Company the due and punctual performance by the Target Company of its obligations, and the punctual discharge by the Target Company of its liabilities to the Company, arising under the Share Subscription Agreement or any other Transaction Documents.

The Target Company and the Majority Korean Shareholders shall, jointly and severally, indemnify and hold harmless the Company from all losses, liabilities, damages and proceedings sustained or against the Company arising out of a breach of the Share Subscription Agreement.

### **Closing**

It is currently expected that Closing shall take place on 30 June 2017 or such other date as may be mutually agreed by the parties to the Share Subscription Agreement.

### **Termination**

At any time on or prior to the Closing, either the Company or the Target Company may immediately terminate the Share Subscription Agreement by giving written notice of termination to the other party, if, amongst others:

- (a) in the event of breach of the Share Subscription Agreement, or any other Transaction Documents (where applicable), and if the breaching party fails to cure such breach within 10 Business Days of the receipt of written notice from the non-breaching party requesting cure of the breach;
- (b) any of the representations and warranties of the other party are proven to be false, misleading, or fraudulent in any material respect;
- (c) any material or significant part of the Target Company's undertaking, property, or assets is attached, expropriated, or totally or partially confiscated by any action of any authority; or
- (d) any of the conditions precedent is not satisfied by 30 August 2017 (or such other date as may be mutually agreed between the parties).



## **(C) THE SHAREHOLDERS AGREEMENT**

The Shareholders' Agreement, which was signed when the Share Subscription Agreement was signed, shall be effective upon Closing.

Parties to the Shareholders Agreement

1. the Company;
2. the Target Company; and
3. the Majority Korean Shareholders.

### **Major Terms of the Shareholders Agreement**

The major terms of the Shareholders Agreement are summarized as follows:–

1. The total number of the members of the board of directors of the Target Company shall be seven. The Company shall be entitled to nominate four directors and the Majority Korean Shareholders, as a group, shall be entitled to nominate three directors.
2. Except where otherwise required by applicable laws, all resolutions to be taken at a meeting of the board of directors of the Target Company shall be adopted by an affirmative vote of a majority of the directors present at the meeting, provided that any decision in respect of any material event relating to the Target Group shall require an affirmative vote of at least one director nominated by the Company.
3. The Shareholders Agreement has provided the following terms on the restrictions on the transfer of shares of the Target Company:
  - (a) **Restriction on Transfer.** For a period of three years from the Closing Date, neither Binex Holdings, Able Partners, Mr. Jeong nor Mr. Lee shall be permitted to transfer any equity securities beneficially owned by him/it without the prior consent of the Company. Such transfer restriction shall not be applied to the Common Stock (if any) to be obtained by Mr. Jeong and Mr. Lee by exercising their stock option after the execution of the Shareholders Agreement. The Company is subject to lock-up of one year from the Closing Date as required by the applicable laws in Korea.
  - (b) **Right of First Refusal.** Subject to terms of the Shareholders Agreement, ROFR Shareholders shall have a right-of-first refusal with respect to all shares owned by other ROFR Shareholder who desires to transfer to any third person or entity, at a price and on terms to be agreed by the parties; provided that such terms and price shall not be less favourable than those offered by or to such third person or entity.

4. Except as otherwise mutually agreed by the Target Shareholders, each Target Shareholders shall at all times have the preemptive right to subscribe to and purchase a pro-rata portion equal to such Target Shareholder's then current shareholding ratio of any additional issuance of the equity securities at a price determined by the board of directors of the Target Company.
5. If any Majority Korean Shareholder is in breach of its/his undertaking to ensure that the majority of the board of directors of the Target Company should comprise directors nominated by the Company, and such breach is not remedied within thirty Business Days from the date of the Company's written notice, the Company shall have a right to require the Majority Korean Shareholders to purchase all or a portion of the Company's equity interest in the Target Company at the Put Price (the "**Put Option**"). The Company has sole discretion (but not obligation) to exercise the Put Option and in lieu of exercising the Put Option, the Company is entitled to dispose of all or a portion of the Company's equity interest in the Target Company on the KOSDAQ of Korea Exchange without being subject to the transfer restriction provisions in the Shareholders Agreement. However, the Company is subject to one-year lock up after Closing under the Regulation on Securities Issuance and Disclosures of the Korea Exchange. The Put Option as part of the transaction contemplated under the Subscription will be put forward to the Shareholders for approval at the EGM. The Company will nevertheless make announcement and/or seek approval from the Shareholders as and when appropriate for necessary compliance with Rule 14.75 of the Listing Rules upon, if applicable, the exercise of the Put Option.
6. The Majority Korean Shareholders shall cause every Key Management Person to remain in his/her office and not resign from their respective positions for three years from the Closing Date. The Company shall take all actions in its power to cause the Target Company not to remove any Key Management Person during the said three-year period unless it is reasonably determined by the Company on an objective basis that such Key Management Person has caused a material damage to the Target Company by willful misconduct or negligence.

#### **(D) THE ENTRUSTED VOTING AGREEMENT**

The Entrusted Voting Agreement, which was signed when the Share Subscription Agreement was signed, shall be effective upon Closing.

##### **Parties**

1. the Company;
2. the Target Company; and
3. the Majority Korean Shareholders.



Pursuant to the Entrusted Voting Agreement, the Majority Korean Shareholders has undertaken to, with effect from Closing, entrust the Company to exercise voting rights attaching to the shares of the Target Company held by the Majority Korean Shareholders in relation to resolutions of the shareholders approving appointment and removal of the directors of the Target Company.

## **(E) INFORMATION ON THE TARGET COMPANY**

### **Background and principal business**

The Target Company was incorporated in Korea on 17 December 1957 and listed on the KOSDAQ of Korea Exchange on 7 August 2001.

The Target Company is a Korean pharmaceutical company founded in 1957 and is principally engaged in the manufacturing and selling of pharmaceuticals mainly in Korea. In recent years, the Target Company has emerged as a strong leader in the biotechnology field, developing and manufacturing biologics at its two facilities in Incheon and Osong, Korea.

The Target Group currently has 2 main business areas: (1) chemical drug business and (2) biologics business on the basis of contract development & manufacturing organization (“CMO”).

According to the information provided by the Target Company, the chemical drug business of the Target Group includes manufacturing and sale of chemical drugs. The sale of the chemical drugs is mainly in Korea domestic market. Among the total sales of chemical drugs of KRW48,462,320,353 (equivalent to approximately HK\$321,155,204) recorded for the financial year ended 31 December 2015, below 3% of the Target Company’s sales was made to market outside Korea. Majority of the chemical drugs manufactured by the Target Company were sold under its own brand. Popular brand names which belong to the Target Company include “Hylene” for eye drops and “Biscan” for probiotics. The revenue generated from the sale of the Target Company’s products under its own brands accounted for approximately 70.3% of total sales of the chemical drugs for the 2015 financial year. The Target Company has over 90 different products registered for sale in Korea. Key products are eye drops (approximately 17.2% of chemical drug sales in 2015) and probiotics (approximately 9.6% of chemical drug sales in 2015). For the sales channel of the chemical drugs, the Target Company utilizes a mix of direct sales to individual pharmacies and regional wholesalers. Sales through wholesalers accounted for approximately 16.8% of total chemical drug sales in 2015.

The Target Company also manufactures drugs for other pharmaceutical companies in Korea on CMO basis (accounted for approximately 29.7% of the total sales of the chemical drug in 2015). The Target Company has over 60 customers in their CMO business, with no single customer accounting for more than 4% of chemical drug sales. The products under the CMO business are mainly solid drugs and eye drops. In the production of chemical drugs, 30.3% of the manufacturing cost in 2015 was expended in the purchase of raw materials such as active pharmaceutical ingredients (“API”) and capsule shells. In 2015, the five largest suppliers of the Target Company in its chemical drug business were (1) Pharmirae Co., Ltd, (2) Hanarum Pharm Co., Ltd, (3) Hwail Pharmaceutical Co., Ltd and (4) Chungsol Biotech Co., Ltd (all of which supply API and together accounted for approximately 51.6% of the total raw material cost in the chemical drug business of the Target Company). Other raw materials which the Target Company purchases are capsule shells, which are supplied by Suheung Co., Ltd (accounted for approximately 6.6% of the total raw material cost in the chemical drug business of the Target Company).

The total revenue generated from the biologics business was KRW22,675,704,601 (equivalent to approximately HK\$150,269,746) for the financial year ended 31 December 2015. The biologics business is conducted only on CMO basis. The Target Company is specialized in manufacturing small volume biologic drugs and the major customers therefore include biologic drug development companies the products of which are being under clinical trials. One major customer of the Target Company under the biologics business is expecting to obtain the approval for Remicade biosimilar from the Pharmaceuticals and Medical Devices Agency of Japan in the first half of 2017 and thus it is expected that mass production of such drug can be launched soon. The Target Company expects the production of Remicade biosimilar for this major customer will take up 50% of the production capacity in its Songdo factory within next 3 years. Further, the Target Company has a number of other drugs which is at phase 2 of clinical trials in Korea. The Target Group is therefore facing the need to scale up their production facility by at least 100% to accommodate the increasing manufacturing need. The Target Company expects to bring new production facilities into operation in 4 to 5 years. As new biologic manufacturing facilities take around 2 to 3 years to construct and validate, the Target Company targets to commence construction of new manufacturing facilities within the following 2 years. In the Target Company’s biologics business, raw material costs only accounted for 12.7% of its total manufacturing costs in 2015. In 2015, the three largest suppliers of raw materials to the Target Company in its biologics business were (1) Sigma-Aldrich Co, LLC which supplies chemical reagents for testing, (2) K.NBS Inc. which supplies filters, and (3) Thermo Fisher Scientific Inc. which supplies chemical reagents (accounted for approximately 48.6% of the total raw material costs of the Target Company in its biologics business).

The Target Company is one of the leading Asian companies in CMO business with total production capacity of 12,000 litre. It currently has 2 production plants in Korea. The two production plants are located in Osong (with 3 production lines, production capacity of 7,000 litre) and Incheon (with 6 production lines, production capacity of 5,000 litre capacity). Such production plants have passed Korean GMP certification, the European Qualified Person audit and the even more stringent on-site audits by certain international pharmaceutical giants including but not limited to Merck Sereno, MSD, and Sanofi.

The Target Company has also entered into a management contract with Korea's Ministry of Knowledge Economy for the management and operation of the Korea Biotechnology Commercialization Center ("KBCC"). The KBCC is a GMP approved facility containing (i) one 500-liter line for microorganism fermentation; (ii) one 500-liter line for animal cell cultivation; (iii) four 1,000-liter lines for animal cell cultivation; and (iv) one research and development center for process development.

The passing of on-site audits by certain international pharmaceutical giants and the cooperation with the governmental body are good recognitions of the production equipment and capability of the Target Company.

The Target Company has completed nearly 200 batches of biopharmaceutical products, with the support of its full range of world-class GMP manufacturing facilities and strong industrialization ability. It has a pool of products which have completed or are undergoing clinical trials in Korea, Japan, the U.S. and Europe.

The Group has been cooperating with a few dozen experienced scientists specializing in biopharmaceutical research and development from the School of Pharmaceutical Sciences, School of Medicine and School of Life Sciences of Tsinghua University to build a world leading research and development platform for innovative biomedicines. The Group will apply the Target Company's leading biopharmaceutical technologies and experience to build an industry-academia-research integrated biopharmaceutical industry chain. The Group can also leverage on the Target Company's extensive experience in building, operating and managing biopharmaceutical production plants to provide technical guidance and comprehensive solutions for the factory project, as well as assign its experienced technical, management and operational staff to work in the PRC to aid the construction of the new factory and later-stage management and operation.

The Subscription will allow the Group to establish presence in the international biopharmaceutical sector, as well as tap the Target Company's rich international CMO customer resources and business experience to speed up international authorization for the Group's innovative biomedicines under development and foster development of the international CMO business of its industrial base. The Subscription will give the Group a solid foundation to develop into a world leading international biopharmaceutical company that focuses on innovation and industrialization.

The Target Company was introduced to the Company in a business event through a pharmaceutical company which is an Independent Third Party in mid-2015. Discussions have been made regarding possible collaboration between the Company and the Target Company in the research and development of certain pharmaceutical products in the ordinary course of business. However, no legally binding contract for such collaboration has been concluded up to now. During the course of the discussion, the Company considers it is an appropriate opportunity to invest in the Target Company by way of the Subscription.

## The shareholding structure of the Target Company

As at the date of this announcement, based on the information available to the Company, the Target Company has 31,273,448 shares of Common Stock in issue and outstanding convertible bonds and employees share options which entitle their holders to the total of 1,623,888 shares of Common Stock upon full conversion and exercise of the same.

Apart from the Subscription, the Company has been informed by the Target Company that there are two other parties (the “**Other Investors**”) who are Independent Third Parties proposing to invest an aggregate amount of KRW16,000,000,000 (equivalent to approximately HK\$106,030,484) in the Target Company by way of subscribing 1,000,000 shares of Common Stock. As confirmed by the Target Company, the subscription by the Other Investors is not subject to any conditions or made inter-conditional with the Subscription in any aspect. The investment in the Target Company to be made by the Other Investors in the aggregate amount of KRW16,000,000,000 (equivalent to approximately HK\$106,030,484) will be financed by the Other Investors’ own resources and is expected to be completed before Closing.

### Set out below are the shareholding structure of the Target Company

	As at the date of this announcement	Immediately after Closing (without conversion)	Immediately after Closing (assuming full conversion)
Majority Korean Shareholders	11.05%	7.60%	7.34%
The Company	0.00%	29.00%	28.00%
Other Investors ( <i>Notes 1</i> )	0.00%	2.25%	2.20%
Other shareholders ( <i>Notes 2</i> )	88.95%	61.2%	62.46%

#### Notes:

- (1) Taking into account the 1,000,000 shares of Common Stock to be held by the Other Investors upon completion of their investment in the Target Company.
- (2) As informed by the Target Company, as of the end of 2015, “other shareholders” consist of over 19,700 shareholders who are mostly individual investors. The largest shareholder amongst the “other shareholder” is Aju IB Investment Co. Ltd., an institutional investor, who owns approximately 5.15% equity interest in the Target Company as of the end of 2015. Aju IB Investment Co. Ltd. purchased the said equity interest at the same time when they acquired the convertible bonds of the Target Company for the principal amount of KRW20 billion (equivalent to approximately HK\$132,538,105), which are the outstanding convertible bonds as described above. Aju IB Investment Co. Ltd. is a private equity firm principally engaged in asset management business. Save for Aju IB Investment Co. Ltd, no “other shareholders” hold more than 5% shareholding in the Target Company.

## Financial information

Set out below are certain financial information of the Target Group expressed in KRW and HK\$, respectively:

	For the year ended 31 December			For the six months ended 30 June	
	2013	2014	2015	2015	2016
	(audited) (KRW million)	(audited) (KRW million)	(audited) (KRW million)	(unaudited) (KRW million)	(unaudited) (KRW million)
Revenue	53,503	59,892	71,138	31,953	38,782
Gross profit	18,966	25,208	33,146	14,363	13,794
Net profit/(loss) before taxation	(3,476)	10,352 (Note 1)	(1,862)	1,399	(2,994)
Net profit/(loss) after taxation	(2,456)	9,397	(6,813)	814	(2,471)

	As at 31 December			As at 30 June	
	2013	2014	2015	2015	2016
	(audited) (KRW million)	(audited) (KRW million)	(audited) (KRW million)	(unaudited) (KRW million)	(unaudited) (KRW million)
Total assets	123,322	130,222	180,795 (Note 2)	182,245	182,245
Net assets	98,967	113,079	148,607	148,580	148,580

	For the year ended 31 December			For the six months ended 30 June	
	2013	2014	2015	2015	2016
	(audited) HK\$ '000	(audited) HK\$ '000	(audited) HK\$ '000	(unaudited) HK\$ '000	(unaudited) HK\$ '000
Revenue	354,558	396,900	471,425	211,747	257,006
Gross profit	125,686	167,050	219,652	95,184	91,408
Net profit/(loss) before taxation	(23,035)	68,603 (Note 1)	(12,336)	9,271	(19,840)
Net profit/(loss) after taxation	(16,279)	62,275	(45,147)	5,391	(16,372)

	As at 31 December			As at 30 June	
	2013	2014	2015	2015	2016
	(audited) (HK\$ '000)	(audited) (HK\$ '000)	(audited) (HK\$ '000)	(unaudited) (HK\$ '000)	(unaudited) (HK\$ '000)
Total assets	817,243	862,967	1,198,113 (Note 2)	1,207,718	1,207,718
Net assets	655,843	749,366	984,802	984,623	984,623

Notes:

- (1) The net profit excluded an income from discontinued operation of KRW962 million (equivalent to approximately HK\$6.4 million) which was derived from a 85.71%-owned subsidiary (before disposal) of the Target Company. The Target Company disposed 66.43% equity interest in the then 85.71%-owned subsidiary in 2014 and held 19.29% interest thereafter. In 2015, the Target Company sold additional 7.14% equity interest in the company to now only own 12.14% stake. The company is principally engaged in capital investment. The Target Company considers the capital investment company has no synergy with its pharmaceutical business and plans to divest the remaining stake when appropriate.
- (2) The total assets of the Target Company as at 31 December 2015 is mainly comprised of property, plant and equipment of manufacturing sites located at Incheon and Osong of approximately KRW93,324 million (equivalent to approximately HK\$618.4 million), intangible assets of approximately KRW17,379 million (equivalent to approximately HK\$115.2 million) (mainly attributable to the consignment management rights and investment in the KBCC of KRW15,211 million (equivalent to approximately HK\$100.8 million)) and current assets of approximately KRW58,701 million (equivalent to approximately HK\$389.0 million).

**For the years ended 31 December 2014 and 2015**

For the years ended 31 December 2014 and 2015, the Target Company incurred certain one-off gains and expenses excluding the major one-off items, the unaudited adjusted profit of the Target Company is as follows:

	<b>For the year ended 31 December</b>	
	<b>2014</b>	<b>2015</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit/(loss) as per accounts	62,275	(45,147)
<i>Less:</i>		
Gain on disposal of affiliates ( <i>Notes 1</i> )	51,207	7,126
Reversal of allowance for bad debt ( <i>Notes 2</i> )	1,590	–
Gain on disposal of available for sale securities	1,193	331
Gain on disposal of fixed assets	7	48
<i>Add:</i>		
Impairment on available for sale securities	–	1,422
Loss on disposal of fixed assets	559	23
Written-off of drug development cost ( <i>Notes 3</i> )	–	26,508
Tax penalty ( <i>Notes 4</i> )	–	27,829
Additional tax payment ( <i>Notes 4</i> )	–	21,229
	<hr/>	<hr/>
<b>Unaudited adjusted net profit</b>	<b>8,837</b>	<b>24,359</b>
	<hr/>	<hr/>

Notes:

1. The Target Company disposed a 22%-owned associated company and a 50%-owned joint venture in 2014 and 2015 and recorded a gain on disposal of KRW7,727 million (equivalent to approximately HK\$51.2 million) and KRW1,075 million (equivalent to approximately HK\$7.1 million) respectively.



2. *The Target Company wrote off a loan of KRW300 million (equivalent to approximately HK\$2.0 million) to a related company in 2013 and reversed the allowance for bad debt of KRW240 million (equivalent to approximately HK\$1.6 million) in 2014 due to recovery.*
3. *Starting from 2012, the Target Company worked with an Independent Third Party to co-develop drugs. Due to unsuccessful development of the drugs, the Target Company wrote off the drug development costs of approximately KRW4,000 million (equivalent to approximately HK\$26.5 million) in 2015. It is a one-off item since the Target Company wrote off drug development costs only once during 2013 to 2015.*
4. *The Target Company had a special tax audit by the National Tax Services of Korea (“NTS”) in the fourth quarter of 2014 in respect of the five years immediately preceding 2014. After completion of the special tax audit and subsequent discussions with NTS regarding the results of the special tax audit, the Target Company recorded a tax penalty of KRW4,199 million (equivalent to approximately HK\$27.8 million) and deferred tax provision for 2009 to 2014 of KRW3,204 million (equivalent to approximately HK\$21.2 million) in 2015. The Target Company has agreed on the tax treatment with NTS and it is expected that the tax penalty and additional deferred tax provision will not recur. Nevertheless, the Company will be indemnified by the Majority Korean Shareholders and the Target Company against any further tax liabilities that may be imposed on the Target Company under the Share Subscription Agreement.*

Taking into account the adjustments for non-recurring items, the Target Company’s unaudited adjusted net profit would be approximately HK\$8.8 million and HK\$24.4 million for the two years ended 31 December 2014 and 2015 respectively. The increase in the unaudited adjusted net profit for the year ended 31 December 2015 was mainly due to higher sales in the chemical drug business.

#### ***For the six months ended 30 June 2016***

For the six months ended 30 June 2016, although revenue of the Target Company increased by approximately 21.4% to HK\$257 million mainly due to increase in sales of chemical drugs, the Target Company reported a net loss of approximately HK\$16.4 million compared with a net profit of approximately HK\$5.4 million of the corresponding period in 2015. The change in financial performance was mainly due to the gross loss of the CMO business of approximately KRW2,723 million (equivalent to approximately HK\$18.0 million) for the six months ended 30 June 2016, compared with a gross profit of approximately KRW1,539 million (equivalent to approximately HK\$10.2 million) for the corresponding period in 2015, despite the fact that the gross profit of the chemical drugs business reported a growth of approximately 22.6% to KRW15,728 million (equivalent to approximately HK\$104.2 million). The deterioration of the financial performance of the CMO business was mainly attributable to (i) the increase in operating cost of approximately KRW1,870 million (equivalent to approximately HK\$12.4 million) as a result of the consolidation of the results of the manufacturing sites in Osong which was acquired in September 2015. After completion of the acquisition, the Target Company has made the necessary adjustments and improvements in the production lines of the manufacturing sites in Osong, 2 lines of which became operational in July 2016 and remaining 1 production line is expected to start production in mid-2017. As such, operating cost of the Target Company increased substantially in the first half of 2016 while no revenue contribution was recorded from the production lines in Osong; (ii) the upfront increase in salaries and wages of approximately KRW243 million (equivalent to approximately HK\$1.6 million) as a result of the employment of additional staff for the expansion of the CMO business; and (iii) the delay in the commencement of mass production of the drug (that is, Remicade biosimilar) of a Japanese client to the first half 2017. The Target Company has reserved

its production lines of CMO for its mass production since the first half 2016 and turned down orders from other customers, resulting in the lower utilization rate of the Target Company's production lines and revenue contribution. As advised by the management of the Target Company, it is expected that the Target Company will record a net loss for the full year 2016 due to the factors as explained above.

The acquisition of the productions lines in Osong and employment of additional staff have significantly increased the Target Company's capacity and capability in its CMO business. Despite the overall loss-making position of the Target Company in 2016, which has been caused by the consolidation of the production lines in Osong, expansion plan of the CMO business and the delay in mass production of its major customers which resulted in the temporary mismatch of cost and revenue, the results of the CMO business are expected to improve significantly once mass production for Remicade biosimilar is launched after a major customer of the Target Company has obtained approval from the Pharmaceuticals and Medical Devices Agency of Japan, therefore generating revenue from the production lines of the CMO business which have been reserved for its production. It is expected that the approval for Remicade biosimilar will be obtained in the first half of 2017 by the said major customer. Other than Remicade biosimilar of the major customer, the Target Company has a number of other drugs which is at phase 2 of clinical trials in Korea. Such drugs will commence mass production after obtaining the necessary approvals. Based on these developments, the Company expects that the CMO business of the Target Company will turn around in 2017.

In addition, the sales of chemical drug business of the Target Company has recorded stable growth of 3.1% and 18.8% in 2014 and 2015 respectively, contributing to the unaudited adjusted net profit of the Target Company for the respective year. It is expected that the chemical drug business of the Target Company will continue to record stable growth and contribute to the growth of the Target Company. In view of the above, the Company considers that the net loss of the Target Company in 2016 is temporary and is confident in the growth potential of the Target Company and that the Target Company will form part of the Company's industry-academia-research integrated biopharmaceutical industry chain as explained above.

As at 30 June 2016, the unaudited total assets and unaudited net assets of the Target Company was KRW182,245 million (equivalent to approximately HK\$1,208 million) and KRW148,580 million (equivalent to approximately HK\$985 million), respectively.

Since the Target Company was incorporated in Korea, the consolidated financial information of the Target Group was prepared by the Target Company in accordance with the K-IFRS. There is no major difference between K-IFRS and IFRS.

## Proposed use of proceeds of the Subscription by the Target Company

As stated in the section headed “The shareholding structure of the Target Company” above, apart from the Company, the Other Investors are proposing to invest an aggregate amount of KRW16,000 million (equivalent to approximately HK\$106 million) in the Target Company. As agreed between the Company and the Target Company, the proceeds of the Subscription, together with the KRW16,000 million will be proposed to be applied in the following manner as so filed with the Financial Supervisory Service in Korea:

Facility investment (Note 1)	:	KRW70,000 million (equivalent to approximately HK\$464 million)
Working capital	:	KRW66,900 million (equivalent to approximately HK\$443 million)
Establish presence in the PRC (Note 2)	:	KRW90,000 million (equivalent to approximately HK\$596 million)

Notes:

- (1) *Facility investment will be made for the purpose of expanding the production capacity of the Target Company by either, where appropriate, acquiring or constructing additional manufacturing plants and facilities.*
- (2) *The Target Company intends to expand its business operation to the PRC where it will build its own manufacturing plants over the next 3 to 5 years. Part of the proceeds from the Subscription will be deployed to finance such expansion plan of the Target Company.*

As informed by the Target Company, the investment in the Target Company by each of the Company and the Other Investors are independent of each other and not made inter-conditional in any aspect. If the investment by the Other Investors will not proceed, the Company has no obligation at all to contribute the shortfall and it is believed there will not be material adverse impact on the Target Company. The above proposed use of proceeds is a preliminary plan and is subject to review of the board of directors of the Target Company with reference to the prevailing market condition after Closing pursuant to the Shareholders Agreement.

## (F) INFORMATION ON THE MAJORITY KOREAN SHAREHOLDERS

Binex Holdings is a company incorporated in Korea. As at the date of this announcement, Binex Holdings is owned as to 47.77%, 25.63% and 26.60% by Mr. Lee, Mr. Jeong and Able Partners, respectively and Able Partners is in turn owned as to 81.8% and 18.2% by Mr. Jeong and the spouse of Mr. Jeong, respectively. Based on the information available to the Company, Binex Holdings and Able Partners are investment holding companies and the principal business of which are holding the investment in the Target Company. Mr. Lee is the chief executive officer and president of the Target Company. Mr. Jeong is the chairman of the board of directors of the Target Company.

## **(G) REASONS FOR AND BENEFITS OF THE SUBSCRIPTION**

The Company is an investment holding company. The Group is engaged principally in the manufacture and sales of cement, clinker and slag, trading of cement and provision of technical services with operations in Shandong province and Shanghai in the PRC. As stated in the interim reports of the Company for the six months ended 30 June 2014, 30 June 2015 and 30 June 2016 and the annual reports of the Company for the two years ended 31 December 2015, in addition to pursuing the Group's own strategies to improve the core competitiveness of its existing businesses, the Board has reviewed the business of the Group and will actively explore medical, pharmaceutical and health industry business and other investment opportunities, such as hospital management, healthcare and elderly care services, in order to enhance its income and prepare for the Group's future development.

Further to the Group's acquisition of 60% equity interest in Beijing Ziguang, which is principally engaged in, amongst others, manufacturing and sales of prescription drugs, including injection powder, tablets, capsules, ointments, traditional Chinese medicine patent prescriptions, synthetic drugs, preparations, biochemical drugs and other biochemical products through its subsidiaries as disclosed in the Company's announcement and circular respectively dated 28 January and 22 March 2016, the Board is of the view that the Subscription represents a good opportunity to the Group to further develop pharmaceuticals business and believes that it will strengthen the synergy effects with the Group's existing medical, pharmaceutical and health businesses.

Based on the confirmations provided to the Company, neither the Target Company nor any of the Majority Korean Shareholders has any relationship with Beijing Ziguang or its shareholders.

As mentioned above, the Company is entitled to control the composition of a majority of the board of directors of the Target Company by nominating four directors out of the total of seven directors. Currently, the Company has identified a candidate who can be the prospective director. He is the co-founder of the School of Pharmaceutical Sciences of Tsinghua University and is among the first batch of experts recruited under the Thousand Talents Plan of the PRC. The candidate is the leading authority in the fields of biochemistry and stem-cell research and is a co-founder of several biotech companies in the United States. Leveraging his experience in drug discovery and business management, the Board believes designation of the candidate to act as the director of the Target Company in overseeing its business will be beneficial to the Company. The Company is also in the course of selecting suitable candidates with the relevant qualifications and experiences who will be designated by the Company as directors of the Target Company to oversee its business and be involved in daily management and operation of the Target Company.

Apart from the chief financial officer of the Target Company who will be nominated by the Company, the board of directors of the Target Company shall have the authority to appoint the chief executive officer and chief operation officer who will oversee the day-to-day management of the Target Company pursuant to the Shareholders Agreement. Since the Company is entitled to control the composition of a majority of the board of directors of the Target Company, the Company's control over the daily management will be safeguarded under the mechanism on appointment of such key management members under the Shareholders Agreement. Moreover, Mr. Cao Jie, who currently is a member of the senior management of the Company, is proposed to be one of the members of the key management of the Target Company. Mr. Cao obtained his undergraduate degree from the Tianjin University of Traditional Chinese Medicine in the year of 1992 and his postgraduate degree from the Tianjin Medical University in the year of 1998. Mr. Cao has accumulated nearly 25 years of experience in the medical and pharmaceutical industry working for, amongst others, biotechnology companies and pharmaceutical science and technology companies where he has acted as a research and development director for approximately 5 years.

In view of the position of the Company to control the composition of a majority of the board of directors of the Target Company upon Closing and in contemplation of the arrangement under the Entrusted Voting Agreement, the Target Company will become a non-wholly owned subsidiary of the Company and the financial results, assets and liabilities of the Target Group will be consolidated into the accounts of the Group upon Closing. As at the date of this announcement, the Company does not have any intention to acquire further interest in the Target Company after Closing.

The Company currently expects that the payment of the Subscription Consideration will be funded in the following manner:

- (a) as to not more than HK\$400 million by the internal resources of the Group; and
- (b) the remaining balance by bank borrowings and equity fund raising by the Company.

The Company is in the course of discussing with potential financial institution to finalise the financing proposal for the payment of the Subscription Consideration in order to ensure that financing proposal is to the benefits of the Company and the Shareholders as a whole in light of the timeframe that the Closing Date is 30 June 2017. The Company received a preliminary indication from its controlling shareholder that it will provide necessary support to the Company for the financing arrangement. Further announcement will be made by the Company as and when appropriate once the financing proposal has been finalised.



As at the date of this announcement, the Company plans to continue the operation of its existing business and has no intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about any disposal, scaling-down and/or termination of its existing businesses and/or major operating assets. However, in view of the sluggish market of cement in the PRC, it is the duty of the Directors to continue to monitor and review the operation of its existing business while explore appropriate business opportunity to safeguard the best interest of the Company and its Shareholders.

The Board considers the Subscription to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

#### **(H) LISTING RULES IMPLICATIONS**

As one of the applicable percentage ratios in respect of the Subscription exceeds 100%, the Subscription constitutes a very substantial acquisition for the Company and are therefore subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

#### **(I) DESPATCH OF CIRCULAR**

A circular containing, among other things, (i) further details on the Share Subscription Agreement and the Shareholders Agreement; (ii) the financial information of the Target Group; (iii) the unaudited pro forma financial information of the Enlarged Group; (iv) the notice of the EGM; and (v) other information as required under the Listing Rules is expected to be despatched to the Shareholders as soon as practicable. It is currently expected that the Company may not be able to despatch the circular on or before 11 January 2017, being the fifteenth business day after the publication of this announcement as stipulated under Rule 14.60(7) of the Listing Rules, due to the reason that more time is required to prepare relevant information to be included in the circular under the Listing Rules. The Company shall make a further announcement of any expected delay in the despatch of the circular in due course.

#### **(J) RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares was suspended with effect from 9:00 a.m. on 29 November 2016 pending publication of this announcement. The Company have made an application to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange from 9:00 a.m. on 19 December 2016.

**As the completion of the Share Subscription Agreement is subject to the fulfillment of the conditions precedent contained therein, the Subscription may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**



## (K) DEFINITIONS

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

“Able Partners”	Able Partners Co., Ltd., a corporation duly organized and existing under the laws of Korea;
“Articles of Incorporation”	the Articles of Incorporation of the Target Company;
“Beijing Ziguang”	Beijing Ziguang Pharmaceutical Co., Ltd.* (北京紫光製藥有限公司), a sino-foreign equity joint venture established in the PRC and a non-wholly owned subsidiary of the Company owned as to 60% by the Company;
“Binex” or “Target Company”	Binex Co., Ltd., a corporation duly organized and existing under the laws of Korea, the shares of which are listed on KOSDAQ of the Korea Exchange;
“Binex Holdings”	Binex Holdings Co., Ltd., a corporation duly organized and existing under the laws of Korea;
“Board”	the board of Directors;
“Business Day”	a day other than public holiday on which banks are generally open for business in the Korea and Hong Kong;
“Closing”	completion of the Subscription in accordance with the terms of the Share Subscription Agreement;
“Closing Date”	30 June 2017, or such other date as shall be mutually agreed by the parties to the Share Subscription Agreement;
“Common Stock”	the voting common stock of Binex of par value KRW500 per share;
“Company”	Tongfang Kontafarma 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);
“Director(s)”	the director(s) of the Company;

“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and approve, among other matters, if thought fit, the Share Subscription Agreement and the transactions contemplated thereunder;
“Enlarged Group”	the Group and the Target Group;
“Entrusted Voting Agreement”	an entrusted voting agreement dated 29 November 2016 entered into amongst the Company, the Target Company and the Majority Korean Shareholders which will take effect upon Closing;
“GMP”	Good Manufacturing Practice;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“IFRS”	International Financial Reporting Standards;
“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);
“Key Management Persons”	including Mr. Jeong, Mr. Lee and any other designated persons that may be mutually determined by the Company and the Majority Korean Shareholders;
“K-IFRS”	IFRS adopted in Korea;
“Korea”	the Republic of Korea;
“KOSDAQ”	Korean Securities Dealers Automated Quotations;
“KRW”	Korean Won, the lawful currency of Korea;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Majority Korean Shareholders”	Able Partners, Binex Holdings, Mr. Lee and Mr. Jeong, being the existing shareholders of the Target Company who hold an aggregate of approximately 11.05% of the total issued share capital of the Target Company as at the date of this announcement;
“Mr. Jeong”	Mr. Jeong, Myung-Ho;
“Mr. Lee”	Mr. Lee, Hyuk-Jong;
“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;
“Put Price”	125% of the Subscription Consideration;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong and Macau Special Administrative Region of the PRC;
“ROFR Shareholder(s)”	(i) the Company, if the concerned Target Shareholder is a Majority Korean Shareholder; or (ii) all of the Majority Korean Shareholders (on a joint and several basis), if the concerned Target Shareholder is the Company;
“Share(s)”	ordinary share(s) of HK\$0.002 each in the share capital of the Company;
“Share Subscription Agreement”	a conditional agreement dated 29 November 2016 entered into between the Company, Binex and the Majority Korean Shareholders in relation to the Subscription (as may be supplemented or amended);
“Shareholder(s)”	holder(s) of Shares;
“Shareholders Agreement”	a shareholders’ agreement dated 29 November 2016 entered into amongst the Company and the Majority Korean Shareholders which will take effect upon Closing (as may be supplemented or amended);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription”	the subscription for the Subscription Shares by the Company pursuant to the Share Subscription Agreement;

“Subscription Consideration”	subscription price of KRW210,916,768,000 (equivalent to approximately HK\$1,397,725,434) in total for the Subscription Shares;
“Subscription Shares”	13,182,298 shares of Common Stock;
“Target Group”	Target Company and its subsidiaries;
“Target Shareholder”	the Company and the Majority Korean Shareholders;
“Transaction Documents”	the Share Subscription Agreement, the Shareholders Agreement, the Entrusted Voting Agreement and any and all related agreements;
“Transfer”	to sell, exchange, assign, pledge, charge, grant a security interest or other encumbrance, enter into any agreement therefor, enter into any voting trust or other agreement or arrangement to transfer of voting rights or any other legal or beneficial interest, directly or indirectly, in any equity security; and
“%”	per cent.

By order of the Board of  
**Tongfang Kontafarma Holdings Limited**  
**Huang Yu**  
*Chairman*

Hong Kong, 16 December 2016

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. Huang Yu (Chairman), Mr. Ng Qing Hai (Managing Director) and Mr. Zhang Yi and three independent non-executive directors, namely Mr. Chan Sze Chung, Mr. Zhang Ruibin and Mr. Zhang Junxi Jack.*

*For the purpose of this announcement, the exchange rate between HK\$ and KRW is HK\$1.00 = KRW150.90.*