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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)

**TERMINATION OF VERY SUBSTANTIAL ACQUISITION RELATING TO
PROPOSED SUBSCRIPTION OF EQUITY INTEREST IN BINEX CO., LTD.
AND
POSSIBLE ESTABLISHMENT OF JOINT VENTURE AND
PRODUCT DEVELOPMENT COOPERATION WITH BINEX CO., LTD.**

Reference is made to the announcements of Tongfang Kontafarma Holdings Limited (the “**Company**”) respectively dated 16 December 2016 (the “**First Announcement**”) and 11 January 2017 in relation to, among others, the subscription of new shares of Binex Co., Ltd. (“**Binex**”) by the Company (collectively the “**Announcements**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcements unless specified otherwise.

Termination of Very Substantial Acquisition Relating to Proposed Subscription of Equity Interest in Binex

As disclosed in the First Announcement, the Closing was expected to take place on 30 June 2017 prior to that all conditions precedent, which cannot be waived by any party to the Share Subscription Agreement, have to be fulfilled. After revisiting the commercial arrangements contemplated under the Share Subscription Agreement in view of the prevailing market conditions, the parties to the Share Subscription Agreement commercially agreed to terminate the proposed Subscription by the Company of equity interest in Binex. Instead, the Company and Binex are of the view that it is more commercially viable and mutually beneficial to proceed with the cooperation by way of joint venture establishment and product development as disclosed in the paragraph headed “Possible Establishment of Joint Venture and Product Development Cooperation with Binex” below.

Accordingly, on 31 May 2017, the Company, Binex and the Majority Korean Shareholders entered into a termination deed (the “**Termination Deed**”) pursuant to which the parties agreed that the Share Subscription Agreement and all related agreements signed in relation to the Share Subscription Agreement would be terminated and ceased to have any force or effect from the date of the Termination Deed, and no party to the Share Subscription Agreement shall have any claim against any other parties in respect of any matter arising out of or in connection with the Share Subscription Agreement and all parties to the Share Subscription Agreement shall be released from any past, current and future obligations arising out of or in connection with the Share Subscription Agreement.

The Subscription would not proceed and no circular relating to the Subscription will be despatched to the Shareholders. The Board is of the view that the termination of the Subscription will not have any material adverse impact on the business, operation and the financial position of the Group. The Board also believes that, instead of conducting equity acquisition, the cooperation with Binex as disclosed in the paragraph headed “Possible Establishment of Joint Venture and Product Development Cooperation with Binex” below would be beneficial to the Company and the Shareholders as a whole after taking into account of prevailing market conditions.

Possible Establishment of Joint Venture and Product Development Cooperation with Binex

On 31 May 2017, Beijing Huakong Kangtai Healthcare Management Co., Ltd.* (“**Huakong Kangtai**”), a wholly-owned subsidiary of the Company incorporated in the PRC, and Binex entered into an agreement (the “**JV Agreement**”) for possible establishment of a joint venture company in the PRC (the “**Joint Venture**”) to develop biologics business. The Joint Venture is proposed to be established on best effort basis at a point of time the parties to the JV Agreement see fit. The parties preliminarily agreed that the Joint Venture is proposed to be owned by Huakong Kangtai and Binex as to 51% and 49%, respectively, and majority members of the board of directors are proposed to be nominated by Huakong Kangtai. Subject to the relevant law and regulations, major decisions relating to the operation and management of the Joint Venture will require consent from at least four out of the five members of the board of directors of the Joint Venture. However, the capital investment and the amount of capital contribution to the Joint Venture among the parties to the JV Agreement have not yet been agreed as at the date of the JV Agreement, and the parties will sign further agreement with regard to, amongst others, the capital contribution by the parties after further negotiations. Further, on 31 May 2017, Huakong Innovation (Beijing) Institute of Pharmaceutical Research Co., Ltd.* (“**Huakong Innovation**”), a subsidiary of the Company incorporated in the PRC, and Binex signed a contract development services agreement (the “**Services Agreement**”) pursuant to which Huakong Innovation will engage Binex to develop biosimilar products. The engagement under the Services Agreement will only take effect upon the payment of funding by Ministry of Science and Technology of the PRC to Huakong Innovation in subsidizing the development project for biosimilar products. After the engagement taking effect, Binex will provide the development results for approval by Huakong Innovation in stages and the total service fee currently expected to be payable by Huakong Innovation to Binex is approximately US\$0.39 million. Huakong Innovation and Binex will further negotiate on any possible research and development scope and related service fee in future subject to the initial development results to be provided under the Services Agreement. It is also currently contemplated that the Joint Venture, when duly established, will undertake the manufacturing and production of biosimilar products developed under the Services Agreement.

The JV Agreement and the Services Agreement do not constitute notifiable transaction nor connected transaction for the Company under Chapter 14 and Chapter 14A of the Listing Rules, respectively, at the date of signing. The Company will make further announcement as and when appropriate pursuant to the Listing Rules when further agreement is signed for the possible establishment of the joint venture and product development cooperation.

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

Hong Kong, 31 May 2017

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 identification purpose only*