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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)

INSIDE INFORMATION ANNOUNCEMENT
LEGAL PROCEEDINGS INITIATED BY A WHOLLY-OWNED
SUBSIDIARY OF THE COMPANY

This announcement is made by Tongfang Kontafarma Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 1 February 2021 in relation to the enforcement of the share charge by Fester Global Limited (“**Fester Global**”) (as chargee), a wholly-owned subsidiary of the Company against Active Gains Universal Limited (“**Active Gains**”) (as chargor) in relation to the charge over shares in TFKT True Holdings (“**True Cayman**”) then owned by Active Gains as a result of the failure of Active Gains to compensate Fester Global in respect of the shortfall in the guaranteed profit of True Cayman and its subsidiaries for the three financial years ended 31 December 2019 pursuant to the sale and purchase agreement dated 6 May 2017 (the “**Sale and Purchase Agreement**”) entered into among Fester Global (as purchaser), the Company (as purchaser’s guarantor), Active Gains (as vendor) and Mr. Patrick John Wee Ewe Seng (as vendor’s warrantor) regarding the acquisition of certain equity interest in True Cayman by Fester Global from Active Gains (the “**Acquisition**”). Further details of the Acquisition were disclosed in the announcements of the Company respectively dated 6 May and 29 May 2017, and the circular of the Company dated 28 July 2017.

As part of the Group's further actions to seek compensation from Active Gains and Mr. Patrick John Wee Ewe Seng, on 25 March 2022, a Concurrent Writ of Summons with Statement of Claim (the "**Writ**") was served on Active Gains and Mr. Patrick John Wee Ewe Seng, as the first defendant and second defendant respectively (collectively, the "**Defendants**") outside Hong Kong pursuant to the leave granted by the High Court of Hong Kong on 18 February 2022 for serving the Writ on the Defendants out of the jurisdiction of Hong Kong in relation to the legal action instituted by Fester Global, as the plaintiff (the "**Plaintiff**") against the Defendants under the High Court Action No. 1942/2021.

The Plaintiff's claims under High Court Action No. 1942/2021 are related to the breaches of the Sale and Purchase Agreement by the Defendants, and the breaches of the shareholders' agreement dated 29 May 2017 entered into among Fester Global, Active Gains and True Cayman (the "**Shareholders' Agreement**") by Active Gains.

The Plaintiff claims Active Gains for the following:

- (i) Damages for Active Gains' breaches of the Shareholders' Agreement, to be assessed; and
- (ii) An injunction to restrain Active Gains, whether by itself, its servants or agents or otherwise howsoever from disclosing, divulging or making use of any confidential information in breach of the Shareholders' Agreement.

The Plaintiff further claims the Defendants for, among others, the following:

- (i) Specific performance of compensating the Plaintiff pursuant to the Sale and Purchase Agreement, in particular payment of the sum of US\$13,343,911, being the shortfall in the guaranteed profit calculated in accordance with relevant provisions of the Sale and Purchase Agreement; and/or
- (ii) Further or alternatively, damages in respect of the Defendants' breaches of the Sale and Purchase Agreement.

Reference is also made to the legal proceedings instituted by Mr. Patrick John Wee Ewe Seng and Active Gains under High Court Action No. 1469/2019, which was disclosed in the announcement of the Company dated 14 August 2019. As of the date of this announcement, the case has not been set down for trial.

The Company will continue to monitor the development of the abovementioned legal proceedings and will make further announcement(s) to keep its shareholders and investors informed of any material development as and when appropriate.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board of
Tongfang Kontafarma Holdings Limited
Chai Hongjie
Chairman

Hong Kong, 25 March 2022

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