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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or other registered institution dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tongfang Kontafarma Holdings Limited, you should at once hand this circular, the accompanying form of proxy and the 2019 Annual Report to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SECURITIES
AND BUY BACK SHARES,
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Tongfang Kontafarma Holdings Limited (the “Company”) to be held at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on Wednesday, 24 June 2020 at 11:00 a.m. (the “AGM”) is set out on pages 16 to 20 of this circular.

If you do not intend to attend the AGM but wish to exercise your right as a shareholder of the Company (the “Shareholders”), you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish.

PRECAUTIONARY MEASURES FOR NOVEL CORONAVIRUS (“COVID-19”) AT THE AGM

Please see page 1 of this circular for measures being taken to try to prevent and control the spread of the COVID-19 at the AGM, including:

- (1) compulsory body temperature checks
- (2) compulsory of wearing of a surgical mask
- (3) no corporate gift or refreshment

Any person who does not comply with the precautionary measures (1) and (2) above or is subject to any Hong Kong Government prescribed compulsory quarantine may be denied entry into the meeting venue, at the discretion of the Company as permitted by the law. The Company reminds the Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the AGM as an alternative to attending the meeting in person.

15 May 2020

CONTENTS

	<i>Page</i>
Precautionary measures for the AGM.	1
Definitions	2
Letter from the Board	
(1) Introduction	5
(2) Re-election of the retiring Directors	6
(3) General Mandates to Issue Securities and Buy Back Shares.	7
(4) AGM and Proxy Arrangement	8
(5) Recommendation	8
(6) General Information.	8
Appendix I – Particulars of Directors proposed to be re-elected.	9
Appendix II – Explanatory Statement	12
Notice of AGM.	16

PRECAUTIONARY MEASURES FOR THE AGM

In view of the ongoing COVID-19 pandemic, the following precautionary measures will be implemented at the AGM to ensure the health and safety of attending Shareholders, staff and other stakeholders:

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at the entrance of the meeting venue. Any person with a body temperature above the reference range quoted by the Department of Health from time to time, or is exhibiting flu-like symptoms may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) Each attendee is requested to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats. Please note that no masks will be provided at the meeting venue and each attendee should bring his/her own mask.
- (iii) No refreshment will be served, and there will be no corporate gift.
- (iv) Each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the AGM; and (b) he/she is subject to any Hong Kong Government prescribed compulsory quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In the interest of all stakeholders' health and safety, the Company reminds all Shareholders that physical attendance at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and returning the accompanying form of proxy.

The Company will closely monitor the situation and reserves the right to take further measures as appropriate in order to minimise any risk to Shareholders and others attending the AGM and to comply with any requirements or recommendations of any government agencies from time to time.

The Company seeks the understanding and cooperation of all Shareholders to minimise the risk of community spread of COVID-19.

DEFINITIONS

In this circular (other than in the notice of AGM), unless the context otherwise requires, the following expressions have the following respective meanings:

“2019 Annual Report”	the annual report of the Company for the year ended 31 December 2019
“AGM”	the annual general meeting of the Company to be held at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on Wednesday, 24 June 2020 at 11:00 a.m., notice of which is set out on pages 16 to 20 of this circular
“Articles”	the amended and restated articles of association of the Company
“Board”	the board of Directors
“Buy-Back Mandate”	the general and unconditional mandate to the Directors to exercise the powers of the Company to buy back the fully paid up Shares not exceeding 10% of the total number of the issued Shares as at the date of passing of the relevant resolution
“China Health”	China Health Management Investment Limited, a company incorporated in the British Virgin Islands with limited liability and a Controlling Shareholder of the Company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Tongfang Kontafarma Holdings Limited, a company incorporated in the Cayman Islands with limited liability, with its Shares listed on the Main Board of the Stock Exchange
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Executive Director(s)”	the executive Director(s) of the Company
“Group”	the Company and its subsidiaries

DEFINITIONS

“Guotou Green Energy”	Shanxi Guotou Innovative Green Energy Equity Investment Partnership Enterprise (Limited Partnership)* (山西國投創新綠色能源股權投資合夥企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC and a Controlling Shareholder of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Non-Executive Director(s)”	the independent non-executive Director(s) of the Company
“Issue Mandate”	the general and unconditional mandate to the Directors to exercise the powers of the Company to allot, issue and deal with Shares not exceeding 20% of the total number of the issued Shares as at the date of passing of the relevant resolution
“Latest Practicable Date”	7 May 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nomination Committee”	the nomination committee of the Board
“PRC”	the People’s Republic of China and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Sanjin Guotou”	Ningbo Free Trade Zone Sanjin Guotou Private Equity Fund Partnership Enterprise (Limited Partnership)* (寧波保稅區三晉國投股權投資基金合夥企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC and a Controlling Shareholder of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Shanxi Guoyao”	Shanxi Guoyao Equity Investment Partnership Enterprise (Limited Partnership)* (山西國耀股權投資合夥企業(有限合夥)), a limited partnership enterprise established under the laws of the PRC and a Controlling Shareholder of the Company
“Share(s)”	ordinary share(s) of nominal value of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Shenzhen Waranty”	Shenzhen Waranty Asset Management Co., Ltd.* (深圳市華融泰資產管理有限公司), a company incorporated under the laws of the PRC with limited liability, which indirectly owns the entire issued share capital of China Health and a Controlling Shareholder of the Company
“State Capital Operation Co.”	Shanxi State Capital Investment and Operation Co., Ltd.* (山西省國有資本投資運營有限公司), a company established under the laws of the PRC and a Controlling Shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Substantial Shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs as approved by the Securities and Futures Commission in Hong Kong
“Tsinghua Tongfang”	Tsinghua Tongfang Co., Ltd.* (同方股份有限公司), a company incorporated under the laws of the PRC
“Waranty Hong Kong”	Waranty Assets Management (HK) Limited, a company incorporated in Hong Kong with limited liability, which owns the entire issued share capital of China Health
“%”	per cent.

* For identification purpose only

Reference to time and dates in this circular are to Hong Kong time and dates.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Huang Yu (*Chairman*)

Mr. Jiang Chaowen (*Chief Executive Officer*)

Independent Non-Executive Directors:

Mr. Chan Sze Chung

Mr. Zhang Ruibin

Mr. Zhang Junxi Jack

Registered Office:

P.O. Box 1350

Clifton House

75 Fort Street

Grand Cayman KY1-1108

Cayman Islands

*Head office and principal place
of business:*

15th Floor

Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

15 May 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SECURITIES
AND BUY BACK SHARES,
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the ordinary resolutions to be proposed at the AGM and to give you the notice of AGM. Resolutions to be proposed at the AGM include, among other businesses, ordinary resolutions on (i) the re-election of the retiring Directors; (ii) the grant of the Issue Mandate; (iii) the grant of the Buy-Back Mandate; and (iv) the extension of the Issue Mandate.

LETTER FROM THE BOARD

RE-ELECTION OF THE RETIRING DIRECTORS

As at the Latest Practicable Date, the Board consists of five (5) Directors, namely Mr. Huang Yu, Mr. Jiang Chaowen, Mr. Chan Sze Chung, Mr. Zhang Ruibin and Mr. Zhang Junxi Jack.

Article 108 of the Articles provides that at each annual general meeting of the Company, one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to but not less than one-third (1/3), shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three (3) years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. The Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three (3) years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. A Director is not required to retire upon reaching any particular age.

Pursuant to Article 108 of the Articles, Mr. Jiang Chaowen and Mr. Zhang Ruibin shall retire from office by rotation and, being eligible, offer themselves for re-election at the AGM.

In accordance with Rule A.5.5 of Appendix 14 of the Listing Rules, the Nomination Committee has assessed and reviewed the re-election of Mr. Zhang Ruibin as an Independent Non-Executive Director. Mr. Zhang has served the Company for over five years and is familiar with the businesses of the Group. His education, background, experience and qualifications allow him to provide valuable and relevant insights to, and contribute to the diversity of, the Board. The Nomination Committee has also assessed and reviewed the Independent Non-Executive Directors' annual written confirmation of independence based on the independence criteria as set out in Rule 3.13 of the Listing Rules and confirmed that all the Independent Non-Executive Directors remain independent.

The Nomination Committee has reviewed the biographical details of each of the retiring Directors with reference to the nomination policy and board diversity policy of the Company and is satisfied that Mr. Jiang Chaowen and Mr. Zhang Ruibin have the required characters, integrity and experiences to continuously fulfil their roles as Executive Director and Independent Non-Executive Director, respectively. The Nomination Committee recommended their re-elections. Therefore, upon the nomination of the Nomination Committee, the Board has recommended the re-election of the retiring Directors, Mr. Jiang Chaowen and Mr. Zhang Ruibin, as Directors at the AGM. Each of Mr. Jiang Chaowen and Mr. Zhang Ruibin had abstained from voting at the relevant Board meeting on the respective propositions of their recommendations for re-election by the Shareholders.

LETTER FROM THE BOARD

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any directors proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting.

The brief biographical and other details of the retiring Directors are set out in Appendix I to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform the Shareholders of the details of the additional candidate proposed.

GENERAL MANDATES TO ISSUE SECURITIES AND BUY BACK SHARES

At the annual general meeting of the Company held on 11 June 2019, ordinary resolutions were passed for the granting of general and unconditional mandates to the Directors (i) to allot, issue or otherwise deal with additional securities of the Company not exceeding 20% of the issued Shares as at that date of passing of such resolution (the "Existing Issue Mandate"), being 1,117,714,355 Shares; and (ii) to buy back Shares not exceeding 10% of the issued Shares as at that date of passing of such resolution (the "Existing Buy-Back Mandate"), being 558,857,177 Shares.

The Existing Issue Mandate and the Existing Buy-Back Mandate will expire upon the conclusion of the AGM. The Directors consider that the Existing Issue Mandate and the Existing Buy-Back Mandate increase the flexibility in dealing with the Company's affairs and are in the interests of both the Company and the Shareholders as a whole, and that the same shall continue to be adopted by the Company.

Ordinary resolutions will be proposed at the AGM for the granting of the Issue Mandate as set out in Resolution No. 5(A) of the notice of AGM. Subject to the passing of the resolution granting the Issue Mandate and on the basis that no further securities are issued and no Shares are bought back before the AGM, the Company will be allowed under such mandate to issue a maximum of 1,117,714,355 Shares, representing 20% of the issued Shares as at the Latest Practicable Date.

In addition, ordinary resolution will also be proposed at the AGM for the granting of Buy-Back Mandate as set out in Resolution No. 5(B) of the notice of AGM. A resolution authorising the extension of the Issue Mandate to include the aggregate number of such Shares bought back (if any) under the Buy-Back Mandate is to be proposed at the AGM as Resolution No. 5(C) of the notice of AGM.

With reference to the proposed new general mandates, the Directors, as at the date hereof, wish to state that they have no immediate plans to issue any new securities of the Company pursuant to the relevant mandates.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against Resolution No. 5(B) to be proposed at the AGM in relation to the proposed Buy-Back Mandate is set out in Appendix II to this circular.

LETTER FROM THE BOARD

AGM AND PROXY ARRANGEMENT

The notice convening the AGM to be held at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on Wednesday, 24 June 2020 at 11:00 a.m. is set out on pages 16 to 20 of this circular. A copy of the 2019 Annual Report is despatched to the Shareholders together with this circular. Ordinary resolutions in respect of, inter alia, the re-election of the Directors, the grant of Issue Mandate, the grant of Buy-Back Mandate and the extension of the Issue Mandate will be proposed at the AGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, all resolutions proposed at the AGM will be put to vote by way of poll. An announcement on the results of the poll will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for the AGM is enclosed with this circular. If you do not intend to attend the AGM but wish to exercise your right as a Shareholder, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof if you so wish.

RECOMMENDATION

The Directors consider that the resolutions to be proposed at the AGM, including ordinary resolutions on (i) the re-election of Directors; (ii) the grant of the Issue Mandate; (iii) the grant of the Buy-Back Mandate and (iv) the extension of the Issue Mandate, are each in the best interests of the Company and the Shareholders as a whole. Accordingly, they recommend all Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. In case of any inconsistency between the English version and the Chinese version of this circular, the English version shall prevail.

Yours faithfully,
For and on behalf of the Board
Tongfang Kontafarma Holdings Limited
Huang Yu
Chairman

The brief biographical details of the Directors proposed to be re-elected at the forthcoming AGM are set out as follows:

Jiang Chaowen, aged 54, was appointed as the Chief Executive Officer and Executive Director of the Company on 11 December 2017 and 23 January 2018 respectively. He was also appointed as a member of the executive committee and share dealing committee of the Company. He joined the Group in July 2016, and is currently the president of Tongfang Pharmaceutical Group Co., Ltd.* (同方藥業集團有限公司) and the chairman of SPF (Beijing) Biotechnology Co., Ltd.* (斯貝福(北京)生物技術有限公司), Chongqing Kangle Pharmaceutical Co., Ltd.* (重慶康樂製藥有限公司), Shaanxi Unisplendour Life Care Pharmaceutical Co., Ltd.* (陝西紫光辰濟藥業有限公司) and Huakong Innovation (Beijing) Institute of Pharmaceutical Research Co., Ltd.* (華控創新(北京)藥物研究院有限公司), all of which are subsidiaries of the Company. He is also a director of certain subsidiaries of the Company. Mr. Jiang graduated from the School of Business Administration of Chongqing University with a postgraduate degree. He further studied at the Party School of Chinese Communist Party of Chongqing City, Tsinghua University, Southwest China Normal University, and Chongqing University etc. during working time. Mr. Jiang is currently a director of Chongqing Jewelland Pharmaceutical Co., Ltd.* (重慶健能醫藥開發有限公司) and Si Chuan Jewelland Pharmaceutical Co., Ltd.* (四川健能製藥有限公司). Prior to joining the Group, he held positions of general manager and chairman in various companies, including The First South-west Pharmaceutical Factory* (西南製藥一廠) (Chongqing Qingyang Pharmaceutical Co., Ltd.* (重慶青陽藥業有限公司)) and Chongqing Jiachen Biological Engineering Co., Ltd.* (重慶佳辰生物工程有限公可). He has over 30 years of extensive management experience in the pharmaceutical industry.

An employment contract which forms the basis of emoluments has been entered into between the Company and Mr. Jiang, pursuant to which he is entitled to receive (i) a total remuneration package of HK\$1,609,652 per annum (including a monthly basic salary together with allowances and a thirteen-month salary payment); and (ii) a discretionary bonus based on the performance of both Mr. Jiang and the Group. He is also entitled to a Director's fee of HK\$10,000 per annum which was determined by the Board and shall be subject to the approval by the Shareholders. The remuneration of Mr. Jiang was determined with reference to the prevailing market conditions and the terms of the remuneration policy of the Company. There is no designated length of service under the employment contract of Mr. Jiang and the Company but he will be subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles or any other applicable laws from time to time whereby he shall vacate his office.

Mr. Jiang had personal interest in 12,000,000 share options of the Company and owned 5.47% interests in the registered capital of SPF (Beijing) Biotechnology Co., Ltd.* (斯貝福(北京)生物技術有限公司), which is an associated corporation of the Company, within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Save as disclosed above, Mr. Jiang did not (i) have any relationship with any other Director, senior management, Substantial or Controlling Shareholder of the Company; and (ii) hold any other directorship in listed public companies in Hong Kong or overseas during the past three years.

There are no other matters or information in relation to Mr. Jiang that need to be brought to the attention of the Shareholders or to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

Zhang Ruibin, aged 47, was appointed as an Independent Non-Executive Director of the Company on 24 July 2014. Mr. Zhang was also appointed as the chairman of the remuneration committee and a member of each of the audit committee, nomination committee, risks management committee and investment committee of the Company. Mr. Zhang holds a doctoral degree in statistics from Xiamen University. He was a postdoctoral research fellow at Renmin University of China and The Finance Research Institute of the People's Bank of China* (中國人民銀行金融研究所). He obtained a qualification of non-practising certified public accountant in China. He was qualified as a senior economist by the Human Resources Department of Guangdong Province* (廣東省人事廳). He was qualified as a certified treasury professional of The Association for Financial Professionals. He has been awarded the research project second prize by The Securities Association of China and the key research project third prize by the People's Bank of China. Mr. Zhang is an external director of Moutai Group Company Limited* (中國貴州茅台酒廠集團有限責任公司). Mr. Zhang has been (i) an independent director of Guizhou Panjiang Refined Coal Co., Ltd. (stock code: 600395), the issued shares of which are listed on the Shanghai Stock Exchange, from 18 May 2013 to 23 March 2017; (ii) an independent director of China Zhenhua (Group) Science & Technology Co., Ltd. (stock code: 000733), the issued shares of which are listed on the Shenzhen Stock Exchange, since 25 July 2014; (iii) an independent director of Guizhou Qianyuan Power Co., Ltd (stock code: 002039), the issued shares of which are listed on the Shenzhen Stock Exchange, since 12 September 2014; (iv) an independent director of Poly Union Chemical Holding Group Co., Ltd. (formerly known as Guizhou Jiulian Industrial Explosive Materials Development Co., Ltd) (stock code: 002037), the issued shares of which are listed on the Shenzhen Stock Exchange, since 10 March 2016; and (v) an executive director of Beijing Wudaokou Education & Technology Co., Ltd.* (北京五道口教育科技有限公司) since 22 July 2016.

An appointment letter which forms the basis of emoluments has been entered into between the Company and Mr. Zhang, pursuant to which (i) his term of appointment shall continue until 23 July 2020, subject to retirement and re-election at the annual general meetings of the Company in accordance with the Articles or any other applicable laws from time to time whereby he shall vacate his office; and (ii) he is entitled to (a) a Director's fee of HK\$10,000 per annum, which was determined by the Board and shall be subject to the approval by the Shareholders; and (b) a service fee of HK\$100,000 per annum with effect from 1 January 2020. The remuneration of Mr. Zhang was determined with reference to the prevailing market conditions and the terms of the Company's remuneration policy.

APPENDIX I PARTICULARS OF DIRECTORS PROPOSED TO BE RE-ELECTED

Mr. Zhang had personal interest in 1,000,000 share options of the Company within the meaning of Part XV of the SFO as at the Latest Practicable Date.

Mr. Zhang has also given an annual confirmation of his independence to the Company, and has been assessed by the nomination committee of the Company to be independent.

Save as disclosed above, Mr. Zhang did not (i) have any relationship with any other Director, senior management, Substantial or Controlling Shareholder of the Company; and (ii) hold any other directorship in listed public companies in Hong Kong or overseas during the past three years.

There are no other matters or information in relation to Mr. Zhang that need to be brought to the attention of the Shareholders or to be disclosed pursuant to paragraphs (h) to (v) of Rule 13.51(2) of the Listing Rules.

* *For identification purpose only*

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed Buy-Back Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 5,588,571,777 issued Shares.

Subject to the passing of the proposed resolution granting the Buy-Back Mandate and on the basis that no further Shares are issued and no Shares are bought back before the AGM, the Company will be allowed under the Buy-Back Mandate to buy back a maximum of 558,857,177 Shares, representing 10% of the issued Shares as at the AGM date up to the period ending on the earliest of (i) the conclusion of the next annual general meeting of the Company; or (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the Articles or any applicable laws of the Cayman Islands; or (iii) the revocation or variation of the resolution of the Shareholders in general meeting of the Company.

REASONS FOR BUY-BACKS

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Company to buy back Shares on the Stock Exchange. Such buy-backs may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share of the Company and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders as a whole.

The Directors would exercise the Buy-Back Mandate in circumstances where they consider that the buy-back would be in the best interests of the Company and in circumstances where they consider that the Shares can be bought back on the terms favourable to the Company. On the basis of the consolidated financial position of the Company as at 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up, if the Buy-Back Mandate was to be exercised in full at any time during the proposed buy-back period, it may have an adverse impact on the working capital and gearing level of the Company.

The Directors do not propose to exercise the Buy-Back Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company as compared with the position disclosed in the latest published audited financial statements of the Company or the gearing level which, in the opinion of the Directors, are from time to time appropriate for the Company.

FUNDING OF BUY-BACKS

Buy-backs to be made pursuant to the Buy-Back Mandate would be financed out of funds legally available for such purpose in accordance with the Articles, the applicable laws of the Cayman Islands and the Listing Rules. Such funds include, but are not limited to, profits available for distribution.

EFFECT OF THE TAKEOVERS CODE

Upon the exercise of the power to buy back Shares pursuant to the Buy-Back Mandate, a Shareholder's proportionate interests in the voting rights of the Company increase, and such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of the Company and, depending on the level of increase of the Shareholders' interests, may become obliged to make a mandatory general offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date and on the date assuming the Buy-Back Mandate is exercised in full, the shareholding interests of the Substantial Shareholders of the Company were as follows:

Name of Shareholder(s)	Number of Shares interested	Approximate % of the total number of Shares in issue	Approximate % of the total number of Shares in issue should the Buy-Back Mandate be exercised in full
State Capital Operation Co. and its associates ⁽¹⁾	3,172,778,000	56.77%	63.08%
Tsinghua Tongfang and its associates ⁽²⁾	513,994,000	9.20%	10.22%

Notes:

- (1) China Health directly held 3,172,778,000 Shares, representing approximately 56.77% of the issued Shares. Shenzhen Warranty, through its wholly-owned subsidiary, namely Warranty Hong Kong, owned 100% interests in the issued share capital of China Health and was therefore deemed to have an interest in the Shares in which China Health was interested. The equity interest of Shenzhen Warranty was held by Sanjin Guotou, through its subsidiaries, namely Shanxi Guoyao and Guotou Green Energy collectively, as to approximately 57.08% and was therefore deemed to have an interest in the Shares in which Shenzhen Warranty was interested. Shanxi Transportation Holdings Group Co., Ltd.* (山西交通控股集團有限公司), through its wholly-owned subsidiary, namely Shanxi Province Expressway Group Limited Liability Company* (山西省高速公路集團有限責任公司), owned 46.38% interests in the registered capital of Sanjin Guotou and was therefore deemed to have an interest in the Shares in which Sanjin Guotou was interested. State Capital Operation Co., through its subsidiaries, namely Sanjin

Guotou and Shanxi Guotou Equity Investment Partnership Enterprise (Limited Partnership)* (山西國投股權投資合夥企業(有限合夥)), collectively owned approximately 76.90% interests in the registered capital of Shenzhen Waranty and State Capital Operation Co. was therefore deemed to have an interest in the Shares in which Shenzhen Waranty was interested under the SFO. The entire registered capital of State Capital Operation Co. was held by State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government (“Shanxi Government Commission”) and Shanxi Government Commission was therefore also deemed to have an interest in the Shares in which State Capital Operation Co. was interested under the SFO, being 3,172,778,000 Shares, representing approximately 56.77% of the issued Shares of the Company.

- (2) THTF Energy-Saving Holdings Limited (“THTF Energy-Saving”) was the beneficial owner of 513,994,000 Shares, representing approximately 9.20% of the issued Shares. Tsinghua Tongfang, through its wholly-owned subsidiary, namely Resuccess Investments Limited, owned 100% interests in the issued share capital of THTF Energy-Saving and was therefore also deemed to have an interest in the Shares in which THTF Energy-Saving was interested under the SFO. Tsinghua Tongfang was therefore interested in 513,994,000 Shares representing approximately 9.20% of the issued Shares of the Company. If the Buy-Back Mandate is exercised in full, Tsinghua Tongfang and its associates will become Substantial Shareholders of the Company under the Listing Rules.

To the best of the knowledge and belief of the Directors and having made all reasonable enquiries, the Board is not aware of any consequences which would give rise to an obligation to make a mandatory general offer under Rules 26 and 32 of the Takeovers Code as a result of an exercise of the Buy-Back Mandate. The Directors also have no immediate intention to exercise the Buy-Back Mandate to an extent which will result in the amount of Shares held by the public being reduced to less than 25%.

PRICE OF THE SHARES

The following table shows the highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the last twelve months (up to and including the Latest Practicable Date):

	Price per Share	
	Highest HK\$	Lowest HK\$
2019		
May	0.310	0.213
June	0.249	0.224
July	0.240	0.204
August	0.248	0.165
September	0.249	0.205
October	0.236	0.170
November	0.230	0.180
December	0.195	0.131
2020		
January	0.167	0.116
February	0.310	0.130
March	0.166	0.105
April	0.132	0.099
May (<i>up to and including the Latest Practicable Date</i>)	0.110	0.093

BUY-BACK OF SHARES

No buy-back of Shares have been made by the Company on the Stock Exchange or otherwise during the six months immediately preceding the Latest Practicable Date.

GENERAL

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their close associates have any present intention to sell any Shares to the Company or its subsidiaries.

No core connected persons of the Company have notified the Company that they have a present intention to sell any Shares to the Company, or have undertaken not to do so in the event that the Company is authorised to buy back the Shares.

The Directors have undertaken to the Stock Exchange that so far as the same may be applicable, they will exercise the Buy-Back Mandate to buy back any Shares in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

* *For identification purpose only*

NOTICE OF AGM



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)

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “Meeting”) of Tongfang Kontafarma Holdings Limited (the “Company”) will be held at 15th Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong on Wednesday, 24 June 2020 at 11:00 a.m. for the following purposes:

1. To receive and adopt the audited financial statements of the Company and the reports of the directors of the Company (the “Director(s)”) and independent auditor of the Company for the year ended 31 December 2019.
2. To re-elect the following retiring Directors:
 - (A) To re-elect Mr. Jiang Chaowen as an Executive Director.
 - (B) To re-elect Mr. Zhang Ruibin as an Independent Non-Executive Director.
3. To authorise the board of Directors (the “Board”) to fix the Directors’ fees for the year ending 31 December 2020.
4. To re-appoint BDO Limited as the independent auditor of the Company and to authorise the Board to fix its remuneration.
5. To consider and, if thought fit, pass with or without amendments, the following resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

(A) “**THAT:**

- (a) subject to paragraph (c) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue or otherwise deal with additional shares of the Company (the “Shares”) or securities convertible into Shares, or options, warrants or similar rights to subscribe for any Shares, and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby generally and unconditionally approved;

NOTICE OF AGM

- (b) the approval given in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval given in paragraph (a) of this Resolution, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of the rights of subscription or conversion attaching to any warrants issued by the Company or any securities which are convertible into Shares;
 - (iii) the exercise of any options granted under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of Shares or rights to acquire Shares; or
 - (iv) any scrip dividend or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares pursuant to the amended and restated articles of association of the Company from time to time,

shall not exceed 20% of the aggregate number of the issued Shares at the date of passing of this Resolution and the said approval shall be limited accordingly;

- (d) subject to the passing of each of paragraphs (a), (b) and (c) of this Resolution, any prior approvals of the kind referred to in paragraphs (a), (b) and (c) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (e) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the amended and restated articles of association of the Company or any applicable laws to be held; and

NOTICE OF AGM

- (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means the allotment, issue or grant of Shares pursuant to an offer of Shares open for a period fixed by the Directors to holders of Shares, whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares at that date (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

(B) **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to buy back Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) or on any other stock exchange on which the Shares may be listed and recognised for this purpose by the Securities and Futures Commission of Hong Kong (the “SFC”) and the Stock Exchange under the Hong Kong Code on Share Buy-backs administrated by the SFC, subject to and in accordance with all applicable laws and regulations, be and is hereby generally and unconditionally approved;
- (b) the aggregate number of the Shares which may be bought back by the Company pursuant to paragraph (a) of this Resolution during the Relevant Period shall not exceed 10% of the aggregate number of the issued Shares at the date of the passing of this Resolution, and the approval granted under paragraph (a) of this Resolution shall be limited accordingly;
- (c) subject to the passing of each of the paragraphs (a) and (b) of this Resolution, any prior approvals of the kind referred to in paragraphs (a) and (b) of this Resolution which had been granted to the Directors and which are still in effect be and are hereby revoked; and
- (d) for the purpose of this Resolution:

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF AGM

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the amended and restated articles of association of the Company or any applicable laws to be held; and
 - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.”
- (C) “**THAT** conditional upon the passing of Resolution Nos. 5(A) and 5(B) as set out in the notice convening the Meeting (the “Notice”), the general mandate granted to the Directors to exercise the powers of the Company to allot, issue or otherwise deal with additional securities of the Company pursuant to Resolution No. 5(A) as set out in the Notice be and is hereby extended by the addition thereto an amount representing the aggregate number of the Shares bought back by the Company under the authority granted pursuant to Resolution No. 5(B) as set out in the Notice, provided that such amount shall not exceed 10% of the aggregate number of the issued Shares at the date of the passing of this Resolution.”

By Order of the Board
Tongfang Kontafarma Holdings Limited
Si Tou Man Wai
Company Secretary

Hong Kong, 15 May 2020

Registered Office:

P.O. Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

Head office and principal place of business:

15th Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

NOTICE OF AGM

Notes:

1. All resolutions set out in this Notice will be taken by poll pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and the results of the poll will be published on the respective websites of the Stock Exchange and the Company in accordance with the Listing Rules.
2. A member of the Company (the “Member”) entitled to attend and vote at the Meeting will be entitled to appoint one (or, if he/she/it holds two or more Shares, more than one) proxy to attend and, on a poll, vote in his/her/its stead. A proxy need not be a Member, but must be present to represent the Member.
3. A form of proxy in respect of the Meeting is enclosed with the Company’s circular dated 15 May 2020. If you do not intend to attend the Meeting but wish to exercise your right as a shareholder, you are urged to complete, sign and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending the Meeting and voting in person if you so wish. In the event that you attend the Meeting after having lodged the form of proxy, it will be deemed to have been revoked.
4. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
5. Where there are joint holders of any Shares, any one of such joint holders may vote at the Meeting either personally or by proxy in respect of such Shares as if he or she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such Shares.
6. For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Thursday, 18 June 2020 to Wednesday, 24 June 2020 (both days inclusive), during which period no transfer of Shares will be registered. In order for a member to be eligible to attend and vote at the Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Secretaries Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 17 June 2020.
7. In respect of Resolution No. 5(A) above, the Directors wish to state that they have no immediate plan to issue any new securities of the Company under this mandate. Approval is being sought from Members as a general mandate, in compliance with the Listing Rules, in order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to issue any securities of the Company up to 20% of the issued Shares at the date of the passing of the resolution.
8. The general purpose of the authority to be conferred on the Directors by Resolution No. 5(B) above is to increase flexibility and to provide discretion to the Directors in the event that it becomes desirable to buy back Shares representing up to a maximum of 10% of the issued Shares at the date of the passing of the resolution.
9. If a tropical cyclone warning signal No. 8 or above is expected to be hoisted, or “extreme conditions” caused by super typhoons exist, or a black rainstorm warning signal is expected to be in force at any time between 8:00 a.m. and 5:00 p.m. on the date of the Meeting, the Meeting will be postponed and Members will be informed of the date, time and venue of the postponed Meeting by a supplemental notice posted on the respective websites of the Stock Exchange and the Company.

If a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is lowered or cancelled at or before 8:00 a.m. on the date of the Meeting and where conditions permit, the Meeting will be held as scheduled.

The Meeting will be held as scheduled when an amber or red rainstorm warning signal is in force. After considering their own situations, Members should decide on their own whether or not they would attend the Meeting under any bad weather condition and if they do so, they are advised to exercise care and caution.
10. References to time and dates in this notice are to Hong Kong time and dates.