山西建投
SHANXI CIG

華控康泰集團有限公司
Kontafarma China Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1312)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "Board") of directors (the "Directors") of Kontafarma China Holdings Limited (the "Company") announces that the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025 with the comparative figures for the corresponding period in 2024 are as follows. The interim financial results of the Group for the six months ended 30 June 2025 have not been audited, but have been reviewed by the audit committee of the Company (the "Audit Committee") and by the auditor of the Company, BDO Limited.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	NOTES	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**452,723**	458,517
Cost of sales and services		**(198,102)**	(181,371)
Gross profit		**254,621**	277,146
Other income		**12,351**	19,850
Other gains and losses	*5*	**(187,021)**	(19,044)
Impairment losses recognised under expected credit loss model, net	*6*	**(159,035)**	(25,466)
Distribution and selling expenses		**(204,435)**	(198,288)
Administrative expenses		**(46,311)**	(39,745)
Other expenses		**(3,619)**	(4,079)
Finance costs		**(5,802)**	(6,702)
(Loss) profit before taxation		**(339,251)**	3,672
Taxation	*7*	**17,826**	(8,204)
Loss for the period	*8*	**(321,425)**	(4,532)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Cont'd)
For the six months ended 30 June 2025

	NOTE	Six months ended 30 June 2025 HK$'000 (Unaudited)	2024 HK$'000 (Unaudited)
Other comprehensive income (expense):			
Item that will not be reclassified subsequently to profit or loss:			
Exchange difference arising on translation to presentation currency		**13,223**	(3,200)
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		**(32,753)**	6,517
Other comprehensive (expense) income for the period		**(19,530)**	3,317
Total comprehensive expense for the period		**(340,955)**	(1,215)
(Loss) profit for the period attributable to:			
Owners of the Company		**(282,484)**	4,745
Non-controlling interests		**(38,941)**	(9,277)
		(321,425)	(4,532)
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		**(294,044)**	6,753
Non-controlling interests		**(46,911)**	(7,968)
		(340,955)	(1,215)
		HK cent	*HK cent*
(Loss) earnings per share	*9*		
Basic		**(5.06)**	0.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 30 June 2025

	NOTES	**At 30 June 2025** **HK$'000** **(Unaudited)**	At 31 December 2024 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment	*11*	**219,097**	228,321
Right-of-use assets	*11*	**205,769**	258,375
Investment property		**32,524**	32,901
Goodwill		**164,967**	253,303
Intangible assets	*11*	**95,106**	222,546
Interest in an associate		**—**	—
Amounts due from an associate		**751**	18,654
Deferred tax assets		**262**	258
Rental deposits		**10,388**	14,328
Contract costs		**1,594**	1,737
		730,458	1,030,423
Current assets			
Inventories		**88,619**	85,956
Trade receivables	*12*	**109,164**	108,710
Contract costs		**6,658**	6,062
Other receivables, deposits and prepayments		**50,482**	55,273
Other investment		**—**	10,000
Amounts due from an associate		**7,111**	130,389
Amounts due from other related parties		**82,220**	80,034
Cash and cash equivalents		**78,328**	80,585
		422,582	557,009

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)
At 30 June 2025

	NOTE	**At 30 June 2025** ***HK$'000*** **(Unaudited)**	At 31 December 2024 *HK$'000* (Audited)
Current liabilities			
Trade payables	*13*	**6,473**	6,659
Other payables and deposits received		**97,244**	113,643
Amounts due to other related parties		**1,627**	9,979
Tax liabilities		**50,926**	39,409
Bank borrowings due within one year		**82,081**	88,054
Provision of reinstatement cost		**—**	1,227
Deferred income		**217**	214
Contract liabilities		**125,599**	120,674
Lease liabilities		**51,436**	62,453
		415,603	442,312
Net current assets		**6,979**	114,697
Total assets less current liabilities		**737,437**	1,145,120
Capital and reserves			
Share capital		**11,177**	11,177
Share premium and reserves		**673,817**	967,524
Equity attributable to owners of the Company		**684,994**	978,701
Non-controlling interests		**(64,076)**	(17,165)
Total equity		**620,918**	961,536
Non-current liabilities			
Deferred tax liabilities		**2,447**	25,795
Provision for reinstatement cost		**11,076**	10,359
Deferred income		**651**	748
Lease liabilities		**102,345**	146,682
		116,519	183,584
		737,437	1,145,120

Notes:

(1) Review by auditor

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025 have been reviewed by BDO Limited in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

(2) Basis of preparation

The interim condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the HKICPA as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2024 annual report.

(3) Changes in accounting policies

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value.

Other than accounting policies resulting from application of amendments to HKFRS Accounting Standards issued by the HKICPA, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the annual financial statements of the Group for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2025 for the preparation of the Group's interim condensed consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current period had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these interim condensed consolidated financial statements.

(4) Revenue and segment information

Disaggregation of revenue from contracts with customers

An analysis of the Group's revenue for the period is as follows:

	For the six months ended 30 June 2025			For the six months ended 30 June 2024		
	Pharmaceutical business	**Fitness business**	**Total**	Pharmaceutical business	Fitness business	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15						
Disaggregated by major products or service lines						
Manufacture and sales of drugs, including chemical drugs, active pharmaceutical ingredients ("API") and API intermediate	**344,769**	**—**	**344,769**	345,390	—	345,390
Operation of fitness centres and provision of consultation services for fitness and health activities						
— personal training classes	**—**	**31,852**	**31,852**	—	35,295	35,295
— membership packages	**—**	**59,523**	**59,523**	—	59,715	59,715
Royalty fee income in relation to fitness and health activities	**—**	**16,579**	**16,579**	—	18,117	18,117
Total	**344,769**	**107,954**	**452,723**	345,390	113,127	458,517
Timing of revenue recognition						
Point in time	**344,769**	**31,852**	**376,621**	345,390	35,295	380,685
Over time	**—**	**76,102**	**76,102**	—	77,832	77,832
Total	**344,769**	**107,954**	**452,723**	345,390	113,127	458,517
Geographical markets						
Mainland China	**336,040**	**—**	**336,040**	330,625	—	330,625
Singapore	**—**	**91,375**	**91,375**	—	95,010	95,010
Taiwan	**—**	**16,579**	**16,579**	—	18,117	18,117
Others	**8,729**	**—**	**8,729**	14,765	—	14,765
Total	**344,769**	**107,954**	**452,723**	345,390	113,127	458,517

Segment information

Information reported to the chief executive of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on business units. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group. The Group has the following operating and reportable segments:

- Pharmaceutical business — manufacture and sales of drugs, including chemical drugs, API and API intermediate.

- Fitness business — operate fitness centres and provide consultation services for fitness and health activities and operate the franchise business for royalty fee income.

Segment revenue and results

Analysis of the Group's segment revenue and results for the six months ended 30 June 2025 and 2024 is as follows:

	Pharmaceutical business		**Fitness business**		**Total**	
	2025	2024	**2025**	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
Segment revenue from external customers	**344,769**	345,390	**107,954**	113,127	**452,723**	458,517
Segment results	**20,420**	60,478	**(338,711)**	(38,544)	**(318,291)**	21,934
Unallocated corporate income					**2,444**	2,658
Unallocated corporate expenses					**(23,404)**	(20,920)
(Loss) profit before taxation					**(339,251)**	3,672

There was no inter-segment sales during the six months ended 30 June 2025 and 2024. The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit (loss) from each segment without allocation of unallocated corporate income and expenses. This is the measure reported to the chief operating decision maker of the Company for the purposes of resource allocation and performance assessment.

(5) Other gains and losses

	Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net foreign exchange gain (loss)	**25,720**	(5,580)
Net (loss) gain on disposal and write-off of property, plant and equipment	**(3,768)**	11
Impairment loss on intangible assets	**(123,873)**	(13,559)
Impairment loss on goodwill *(note)*	**(88,417)**	—
Gain on lease modification	**3,316**	—
Others	**1**	84
	(187,021)	(19,044)

During the period ended 30 June 2025, the Directors have identified the operating loss of fitness segment during the interim period and operational difficulties and tight financial resources of franchisee in recent months as impairment indicators for the cash generating units ("CGU") of Fitness Business and performed an impairment assessment of goodwill related to that CGU. The Company engaged an independent professional valuer to perform the valuation. Based on the assessment, an impairment loss on goodwill of approximately HK$88,417,000 (six months ended 30 June 2024: Nil), which represented 51% (to the extent the goodwill allocated to the parent) of the impairment loss of HK$173,367,000, has been recognised and included in profit or loss.

(6) Impairment losses recognised under expected credit loss model, net

	Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Impairment losses reversed (recognised) on:		
— Trade receivables	**1,916**	(2,862)
— Other receivables	**—**	1
— Amounts due from an associate	**(161,282)**	(22,565)
— Amounts due from other related parties	**331**	(40)
	(159,035)	(25,466)

Except for amounts due from an associate which management considered as credit impaired and its expected loss are assessed under the lifetime ECL basis as at 30 June 2025, the basis of expected credit losses for other financial assets in the interim condensed consolidated financial statements for the six months ended 30 June 2025 is consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024.

(7) Taxation

	Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The (credit) charge comprises:		
Current tax		
— People's Republic of China (the "PRC") Enterprise Income Tax	**1,417**	10,204
— Taiwan Corporate Income Tax	**2,487**	2,717
	3,904	12,921
Under provision in prior years		
— PRC Enterprise Income Tax	**—**	1,388
	—	1,388
Deferred tax	**(21,730)**	(6,105)
	(17,826)	8,204

(8) Loss for the period

	Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period has been arrived at after charging (crediting):		
Amortisation of intangible assets (included in administrative expenses)	**3,722**	3,262
Depreciation of investment property (included in administrative expenses)	**876**	894
Depreciation of property, plant and equipment (included in cost of sales and services, distribution and selling expenses and administrative expenses)	**13,123**	12,784
Depreciation of right-of-use assets (included in cost of sales and services and administrative expenses)	**30,215**	32,745
Total amortisation and depreciation	**47,936**	49,685
Cost of inventories recognised as expenses	**101,254**	76,631
Net loss (gain) on disposal and write-off of property, plant and equipment	**3,768**	(11)
Net foreign exchange (gain) loss	**(25,720)**	5,580
Research and development expenses (included in other expenses)	**3,619**	4,079
Sales promotion expenses (included in distribution and selling expenses)	**201,694**	192,789
Property rental income, net of negligible outgoing expenses	**(1,797)**	(1,823)
Lease payments for short-term leases and low-value assets	**143**	124
Impairment loss on intangible assets (included in other gains and losses)	**123,873**	13,559
Impairment loss on goodwill (included in other gains and losses)	**88,417**	—

(9) (Loss) earnings per share

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss) profit for the purposes of basic (loss) earnings per share attributable to owners of the Company	**(282,484)**	4,745

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Number of shares		
Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share	**5,578,713,777**	5,578,713,777

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held for the share award scheme of the Company (the "Share Award Scheme").

No diluted (loss) earnings per share is presented for the six months ended 30 June 2025 and 2024 as there was no potential ordinary share in issue for the six months ended 30 June 2025 and 2024.

(10) Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (2024: Nil). No dividend was paid, declared or proposed during the current period (2024: Nil).

(11) Property, plant and equipment/Intangible assets/Right-of-use assets

Property, plant and equipment

During the six months ended 30 June 2025, the Group acquired property, plant and equipment at a consideration of approximately HK$13,196,000 (six months ended 30 June 2024: approximately HK$9,339,000).

Intangible assets

The management of the Group assessed there was indication of impairment for the intangible asset related to franchise agreement on the non-exclusive rights to operate the franchise business in Taiwan as at 30 June 2025 as a result of shortfall of forecasted royalty fee income generated due to operational difficulties and tight financial resources of franchisee in recent months, management conducted impairment assessment to estimate the recoverable amount accordingly.

With reference to valuation prepared by professional valuation expert, the latest expected cash flow projections relating to the franchise business indicate it is not probable to generate any net cash inflow to the Group based on its estimated useful life of the franchise agreement. The carrying amount of the intangible assets related to the franchise agreement of approximately HK$123,873,000 has been fully impaired and recognised as impairment loss in profit or loss during the current interim period (30 June 2024: impairment loss of approximately HK$13,559,000).

Right-of-use assets

During the current interim period, the Group derecognised the right-of-use assets of approximately HK$20,656,000 in the interim condensed consolidated financial statements in connection with the modification of tenancy agreement of the fitness centre premise in Singapore.

(12) Trade receivables

Other than the trade receivables in relation to the payment to be settled through credit cards for customers in fitness business, the Group has a policy of allowing credit periods for its trade customers normally from 30 to 180 days. The aged analysis of trade receivables, net of allowance for credit losses, is presented based on the invoice date at the end of the reporting period as follows:

	At 30 June 2025 ***HK$'000*** **(Unaudited)**	At 31 December 2024 *HK$'000* (Audited)
0 to 90 days	**88,728**	74,837
91 to 180 days	**17,610**	29,530
181 to 365 days	**2,387**	3,150
Over 1 year	**439**	1,193
	109,164	108,710

(13) Trade payables

An aged analysis of the Group's trade payables, presented based on the invoice date, at the end of the reporting period is as follows:

	At 30 June 2025 ***HK$'000*** **(Unaudited)**	At 31 December 2024 *HK$'000* (Audited)
0 to 90 days	**4,808**	4,258
91 to 180 days	**7**	16
181 to 365 days	**—**	136
Over 1 year	**1,658**	2,249
	6,473	6,659

(14) Contingencies

(a) On 13 August 2019, the Company was served a writ of summons filed by Mr. Patrick John Wee Ewe Seng ("Mr. PJW") and Active Gains Universal Limited ("Active Gains") as the plaintiffs against the Company and Fester Global Limited ("Fester Global"), a wholly-owned subsidiary of the Company, as the defendants, under High Court Action No. 1469/2019 in the High Court of Hong Kong (the "2019 Legal Proceedings") regarding certain arrangements under the sale and purchase agreement of acquisition for the 51% equity interest in TFKT True Holdings ("True Cayman") (the "SPA"). The Group has been vigorously defending and opposing the plaintiffs' claims. In January 2021, the Group has enforced its right under a share charge agreement since Active Gains had failed to compensate the Group in respect of the profit guarantee shortfalls for the financial years of 2017 and 2018 under the SPA. 10,000 shares in True Cayman charged in favour of Fester Global were transferred to Fester Global as partial settlement of the amounts due and payable under the profit guarantee arrangement. Subsequently, the Company and Fester Global issued a Counterclaim against the plaintiffs to recover the balance of the profit guarantee shortfalls for the financial years of 2017 and 2018, and in response, the plaintiffs filed their Amended Reply, Defence to Counterclaim and Counterclaim to Counterclaim. On 4 January 2022, the Company and Fester Global filed (a) Re-Amended Defence and Counterclaim and (b) Rejoinder to Amended Reply and Reply to Defence to Counterclaim and Defence to Counterclaim to Counterclaim. There was no material progress for the 2019 Legal Proceedings during current interim period and the date of trial has not been fixed up to the date of issuance of these interim condensed consolidated financial statements. Based on the opinion of the management of the Company after seeking legal advice and considering the latest development, the possibility of any significant economic outflow in relation to the 2019 Legal Proceedings is remote.

(b) As part of the Group's further actions to seek compensation from Active Gains and Mr. PJW under the profit guarantee arrangement of the SPA, in March 2022, a concurrent writ of summons with statement of claim (the "Writ") was served on Active Gains and Mr. PJW (collectively as 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, against the Defendants under the High Court Action No. 1942/2021 (the "2021 Legal Proceedings"). Fester Global's claims under the 2021 Legal Proceedings are related to the breaches of the SPA by Active Gains and Mr. PJW, and the breaches of the shareholders' agreement (the "SHA") dated 29 May 2017 entered into among Fester Global, Active Gains and True Cayman by Active Gains. Details of Fester Global's claims against Active Gains are disclosed in the Company's announcement dated 25 March 2022.

Active Gains and Mr. PJW have filed and served a Defence and Counterclaim on 20 July 2022, pursuant to which Active Gains counterclaimed for (i) a declaration that True Cayman is subject to trade sale as of 31 March 2020 pursuant to the SHA, (ii) specific performance of clauses 11.2 and 11.5 of the SHA, specifically the appointment of an appointed valuer (as defined under clause 11.3 of the SHA), and (iii) relevant damages for breach of the above provisions. In response, Fester Global filed Reply and Defence to Counterclaim on 11 November 2022.

On 19 February 2024, the 2019 Legal Proceedings and the 2021 Legal Proceedings were ordered to be tried before the same judge and be heard at the same time or immediately after another as the trial judge may direct. As in the case of the 2019 Legal Proceedings, there was no material progress for the 2021 Legal Proceedings during current interim period and the date of trial has not been fixed up to the date of issue of these interim condensed consolidated financial statements. Based on the opinion of the management of the Company after seeking legal advice and considering the latest development, the possibility of any significant economic outflow in relation to the 2021 Legal Proceedings is remote.

Except for the above, the Group did not have any material contingent liabilities as at 30 June 2025.

(15) Events after the end of the reporting period

(i) On 18 July 2025, True Fitness Pte. Ltd. (the "Tenant") entered into a lease (the "New Lease") with Overseas Movie (Private) Limited (the "Landlord") in respect of renewal of the lease of the premises located at 5 Ang Mo Kio Central 2 Djitsun Mall @ Ang Mo Kio, #04–01 Singapore 569663 (the "Premises") for a term of two years commencing from 5 August 2025 and expiring on 4 August 2027. The Group has been operating a fitness centre at the Premises for several years. The transaction contemplated under the New Lease constitutes a discloseable transaction of the Company.

For details, please refer to the announcement of the Company dated 18 July 2025.

Based on preliminary assessment by management, the Group would recognise the present value of lease payments as lease liabilities with corresponding right-of-use assets amounting to approximately HK$16,059,000. The lease liabilities would subsequently be adjusted by interest accretion and lease payments, and right-of-use assets would be depreciated on a straight-line basis over the lease term in accordance with the accounting policy of the Group.

(ii) On 18 August 2025, Tongfang Pharmaceutical Group Co., Ltd.* (同方藥業集團有限公司) ("Tongfang Pharmaceutical"), a direct wholly-owned subsidiary of the Company, entered into a construction contract (the "Beijing Construction Contract") with Beijing Qingkong Zhongchuang Construction Co., Ltd.* (北京清控中創工程建設有限公司) ("Beijing Qingkong"), pursuant to which Tongfang Pharmaceutical agreed to engage Beijing Qingkong as the general contractor to carry out the construction works for the construction project of the new research and development complex and ancillary gates to be constructed at No. 23 Xikang Road, Badaling Town, Yanqing District, Beijing, the PRC* (中國北京市延慶區八達嶺鎮西康路23號) (the "Beijing R&D Complex Project") at the estimated contract price of approximately RMB33,672,000 (subject to adjustments).

Beijing Qingkong is an indirect non-wholly owned subsidiary of Shenzhen Waranty Asset Management Co., Ltd.* (深圳市華融泰資產管理有限公司) ("Shenzhen Waranty"), which is the controlling shareholder of the Company, indirectly holding approximately 56.77% of the entire issued share capital of the Company through China Health Management Investment Limited. Accordingly, Beijing Qingkong is a connected person of the Company, and the transaction contemplated under the Beijing Construction Contract constitutes a discloseable and connected transaction of the Company.

Accordingly, the Beijing Construction Contract is subject to the necessary approval from the independent shareholders of the Company being obtained as required under Chapter 14A of the Listing Rules.

For details, please refer to the announcement of the Company dated 18 August 2025.

Based on preliminary assessment by management, the Group would capitalise the costs directly attributable to bringing the assets as additions to its property, plant and equipment. When the assets are ready for their intended use, it will be depreciated according to the accounting policy of the Group and carried at cost less accumulated depreciation and impairment losses, if any.

Save as disclosed above, there were no major subsequent events occurred since 30 June 2025 and up to the date of this announcement.

* *For identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

For the six months ended 30 June 2025, Kontafarma China Holdings Limited (the "Company", together with its subsidiaries, the "Group") was principally engaged in the (i) manufacturing and sales of drugs in the People's Republic of China (the "PRC"), including chemical drugs, active pharmaceutical ingredients ("API") and API intermediate; and (ii) operating of fitness centres and provision of consultation services for fitness and health activities, and operating of franchise business for royalty fee income.

Financial Results

For the six months ended 30 June 2025, the Group's revenue and gross profit amounted to approximately HK$452.7 million and HK$254.6 million (2024: approximately HK$458.5 million and HK$277.1 million) respectively, representing a decrease of approximately 1.3% and 8.1% as compared with the corresponding period of 2024. The decrease in revenue and gross profit was mainly attributable to the following reasons:

— For the pharmaceutical business segment, revenue and gross profit decreased due to intensified market competition; and

— In respect of the fitness business segment, the Group's fitness business recovered less than expected in the face of an increasingly competitive market landscape.

The Group's net loss for the six months ended 30 June 2025 was approximately HK$321.4 million (2024: net loss of approximately HK$4.5 million). Basic loss per share was approximately HK5.06 cents (2024: earnings per share of approximately HK0.09 cents). The Group recorded a significant increase in net loss, primarily due to a series of changes in the performance of the franchise business of the Group's fitness business. Due to factors such as economic uncertainty and intensified competition, the recovery of the business has been slower than expected. Additionally, the associate of the Group operating the franchise business in Taiwan has faced operational difficulties and cash flow constraints, resulting in the Group recording (i) impairment losses under expected credit loss model on financial assets of approximately HK$159.0 million (2024: approximately HK$25.5 million); (ii) impairment losses on intangible assets of approximately HK$123.9 million (2024: approximately HK$13.6 million); and (iii) impairment losses on goodwill related to the fitness business segment of approximately HK$88.4 million (2024: nil).

Business Review

Pharmaceutical Business

For the six months ended 30 June 2025, the revenue and gross profit of the Group's pharmaceutical business were approximately HK$344.8 million and HK$238.8 million (2024: approximately HK$345.4 million and HK$264.4 million) respectively, representing a decrease of approximately 0.2% and 9.7% to the corresponding period of 2024. The main reason for the decrease was that intensified market competition had a negative impact on the selling prices of individual products, leading to a decline in revenue and gross profit for this business segment.

For the six months ended 30 June 2025, the results of the pharmaceutical business segment of the Group recorded a profit of approximately HK$20.4 million (2024: approximately HK$60.5 million). The decrease in profit was mainly due to a decrease in gross profit in this business segment. At the same time, in order to respond to fierce market competition and maintain market share, the pharmaceutical business of the Group increased its marketing investment, resulting in an increase in distribution and selling expenses.

1. *Tongfang Pharmaceutical Group Co., Ltd.* (同方藥業集團有限公司) ("Tongfang Pharmaceutical")*

   Tongfang Pharmaceutical is principally engaged in the production and sales of chemical generic drugs. It has a preparation workshop of 30,000 square meters in Yanqing District, Beijing. Its key products are prescription drugs and its therapeutic areas mainly include drugs for local anesthesia and gynecological purposes. For the six months ended 30 June 2025, Tongfang Pharmaceutical recorded revenue and gross profit of approximately RMB276.8 million and RMB223.5 million (2024: approximately RMB278.7 million and RMB235.9 million), respectively. The revenue and the gross profit recorded a decrease of approximately 0.7% and 5.3% as compared with the corresponding period of 2024 respectively.

   For the six months ended 30 June 2025, Tongfang Pharmaceutical was affected by intensified market competition, resulting in a decline in both revenue and profit. In the future, Tongfang Pharmaceutical will improve its marketing efficiency and intensify its efforts in product research and development.

2. *Chongqing Kangle Pharmaceutical Co., Ltd.* (重慶康樂製藥有限公司) ("Chongqing Kangle")*

   Chongqing Kangle is principally engaged in the research and development, production and sales of API and API intermediate in Chongqing Changshou Chemical Industrial Park. For the six months ended 30 June 2025, Chongqing Kangle recorded revenue and gross profit of approximately RMB44.9 million and RMB4.9 million (2024: approximately RMB40.2 million and RMB10.2 million) respectively. The revenue recorded an increase of approximately 11.8% as compared with the corresponding period of 2024, while the gross profit recorded a decrease of approximately 52.5%.

   In the first half of 2025, the increase in revenue of Chongqing Kangle was mainly attributable to the increase in sales volume driven by higher demand from overseas customers for one of its core products, while the decrease in gross profit was primarily driven by the fluctuation in market selling prices of the products sold.

Fitness Business

The revenue of the Group's fitness business for the six months ended 30 June 2025 was approximately HK$108.0 million (2024: approximately HK$113.1 million), which includes royalty fee income of approximately HK$16.6 million (2024: approximately HK$18.1 million). The results of the Group's fitness business segment for the six months ended 30 June 2025 recorded a loss of approximately HK$338.7 million (2024: approximately HK$38.5 million).

The decrease in revenue in the Group's fitness business was due to the slower-than-expected recovery of the Group's fitness business, including franchise business in Taiwan.

The significant decrease in the results of the Group's fitness business segment was mainly due to a series of changes in the performance of the franchise business. The franchisee in Taiwan has faced operational difficulties and cash constraints, resulting in the franchise business recovered slower than expected. Consequently, the fitness segment recorded significant impairment losses for the six months ended 30 June 2025.

Financial Review

Liquidity and Financing

The Group's capital expenditure and daily operations and investments during the six months ended 30 June 2025 were mainly funded by cash generated from its operations and loans from principal banks.

As at 30 June 2025, the Group maintained bank balances and cash reserves of approximately HK$78.3 million (31 December 2024: approximately HK$80.6 million), all of which were cash and cash equivalents.

As at 30 June 2025, the Group had outstanding borrowings repayable within one year of approximately HK$82.1 million (31 December 2024: approximately HK$88.1 million). As at 30 June 2025, 77.5% of the Group's outstanding borrowings were denominated in Renminbi ("RMB") and 22.5% in Singapore dollars ("SGD"). Approximately 22.5% of Group's outstanding borrowings were charged with interest at floating rates while the remainder were at fixed rates.

The gearing ratio (total borrowings over total assets) of the Group as at 30 June 2025 was as follows:

	At 30 June 2025	At 31 December 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Total borrowings	**82,081**	88,054
Total assets	**1,153,040**	1,587,432
Gearing ratio	**7.1%**	5.5%

Financial Management and Policy

The Group's financial policy aims at minimising the Group's financial risk exposure. Our policy is not to engage in speculative derivative financial transactions and not to invest current assets in financial products with significant risks.

Risk of Foreign Exchange Fluctuation

The Group's operations are mainly located in the PRC and Singapore and most of its transactions, related working capital and borrowings are denominated in RMB, SGD, United States dollar and HK$. The Group closely monitors such foreign exchange exposure and will consider hedging significant currency exposure if necessary. However, since the Group's interim condensed consolidated financial statements are presented in HK$ which is different from its functional currency, the Group would inevitably face foreign exchange exposure, whether positive or negative, arising from translating the accounts to its presentation currency.

Pledge of Assets

As at 30 June 2025, the Group's bank borrowings of approximately HK$82,081,000 (31 December 2024: approximately HK$85,524,000) and lease liabilities of approximately HK$162,000 (31 December 2024: approximately HK$151,000) were secured by the following assets of the Group:

	At 30 June 2025	At 31 December 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Buildings and structures	**21,773**	30,622
Investment property	**32,524**	32,901
Right-of-use assets	**1,537**	1,434
Bank balance	**1,047**	305
	56,881	65,262

Material Capital Commitments and Investments

The Group had the following capital commitments:

	At 30 June 2025	At 31 December 2024
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Capital commitments contracted for but not provided in the interim condensed consolidated financial statements:		
— Acquisition of property, plant and equipment	**4,606**	5,284

Employees

As at 30 June 2025, the Group had 655 (31 December 2024: 688) employees. The staff costs (including Directors' emoluments and retirement benefits scheme contributions) of the Group were approximately HK$72,402,000 (30 June 2024: approximately HK$75,099,000). The Group maintains a policy of paying competitive remuneration packages, and employees are also rewarded salary and bonus on a performance related basis. In addition, awarded shares may be granted to eligible employees pursuant to the terms of the Share Award Scheme. The purpose of the scheme is to provide incentives to the selected employees to contribute to the Group and to enable the Group to recruit and retain high-calibre employees, and attract and retain human resources that are valuable to the Group.

OUTLOOK

Under the impact of the fierce market competition experienced by all our business segments in the first half of the year, the Group is cautiously optimistic about our performance in the future. Looking into the second half of the year, the Group will remain committed to maintaining the market share of our existing advantageous products and quality services, while continuing to pay attention to market trends and adjusting its sales and operating strategies in due course in order to tackle with various challenges.

Pharmaceutical Business

In the first half of the year, in light of the intensifying market competition facing the Group's pharmaceutical business and in order to adapt to the changing market, the Group has developed a strategy to alert the selling prices of certain products, so as to ensure long-lasting cooperative relationship with customers and a certain market share. In the upcoming future, the Group's pharmaceutical business will continue to increase revenue contribution from its advantageous products, while advancing the research and development of new products, thus diversifying its product mix sold. Meanwhile, the Group's pharmaceutical business will commit to the building of a dual-wheel driven development pattern "led by technology and empowered by service", striving to achieve sustainable growth in the business.

Fitness Business

Stepping into the second half of the year, the Group's fitness business will pay close attention to changes in the landscape of fitness industry in Singapore and Taiwan, so as to develop more effective business development strategy.

For the purpose of capturing market opportunities, the Group's fitness business operated in Singapore will continue to strengthen innovation and provide diversified services for customers. In the second half of the year, it is expected that the Group's fitness business will adopt a series of initiatives, such as launching more diverse alternatives for membership packages, offering more plentiful expansion courses by private trainers, proactively identifying opportunities to cooperate with influential brands in industry and strengthening digital marketing, in order to enhance its customer acquisition capability, thereby consolidating the Group's brand image in fitness.

INTERIM DIVIDEND

The Board considers that it is prudent to retain an appropriate level of funds to take advantage of business opportunities as and when they arise, and therefore does not recommend to declare an interim dividend for the six months ended 30 June 2025 (2024: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2025, the Company has applied the principles of, and complied with, all the applicable code provisions of the Corporate Governance Code (the ''CG Code'') as set out in Appendix C1 to the Listing Rules, except for the deviation from code provision C.2.1 of the CG Code as follows:

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Feifei serves as both the chairman of the Board (the ''Chairman'') and the president of the Group performing the roles and functions of chief executive (the ''President''). The Board believes that vesting the roles of both the Chairman and the President in the same person can facilitate the execution of the Group's business strategies and improve its operational effectiveness. Taking into account the diverse backgrounds and experience of the non-executive Director and independent non-executive Directors, the Board considers that the balance of power and authority, accountability and independent decision making will not be impaired under the current arrangement. In addition, the Audit Committee, which consists of all independent non-executive Directors, has free and direct access to the Company's external auditors and independent professional advisers when it considers necessary. Therefore, the Board considers that the deviation from the code provision C.2.1 of the CG Code is appropriate under such circumstance.

AUDIT COMMITTEE REVIEW

The Audit Committee, together with the Company's management team, has reviewed the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a general review of the unaudited interim financial report for the six months ended 30 June 2025. In carrying out this review, the Audit Committee has relied on a review conducted by the Group's external auditors in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA as well as reports obtained from the Company's management. The Audit Committee has not undertaken detailed independent audit checks.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's shares (including sale of treasury shares).

EVENTS AFTER THE REPORTING PERIOD

On 18 July 2025, the Tenant entered into the New Lease with the Landlord in respect of renewal of the lease of the Premises for a term of two years commencing from 5 August 2025 and expiring on 4 August 2027.

For details, please refer to the announcement of the Company dated 18 July 2025 and note 15 "Events after the end of the reporting period" as set out in this announcement.

On 18 August 2025, Tongfang Pharmaceutical, entered into the Beijing Construction Contract with Beijing Qingkong, pursuant to which Tongfang Pharmaceutical agreed to engage Beijing Qingkong as the general contractor to carry out the construction works for the Beijing R&D Complex Project at the estimated contract price of approximately RMB33,672,000 (subject to adjustments).

For details, please refer to the announcement of the Company dated 18 August 2025 and note 15 "Events after the end of the reporting period" as set out in this announcement.

Save as disclosed above, there were no major subsequent events occurred since 30 June 2025 and up to the date of this announcement.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

The interim report of the Company for the six months ended 30 June 2025 (the "2025 Interim Report") will be made available on the website of the Stock Exchange (http://www.hkexnews.hk) and the Company's website (http://www.kontafarma.com.hk) in due course. The 2025 interim financial results set out above does not constitute the Company's statutory financial statements for the six months ended 30 June 2025 to be included in the 2025 Interim Report.

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

Hong Kong, 28 August 2025

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

* *For identification purpose only*