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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)

INSIDE INFORMATION
POSSIBLE WINDING UP OF AN ASSOCIATE OF THE COMPANY

This announcement is made by Kontafarma China Holdings Limited (the **"Company"**, together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the profit warning announcement of the Company dated 15 August 2025 and the unaudited interim results announcement of the Company dated 28 August 2025 for the six months ended 30 June 2025 (the "**2025 Interim Results Announcement**") which disclosed, amongst others, the impairment losses recorded by the Group mainly attributable to the severe operational difficulties and tight financial resources of 全真概念健康事業股份有限公司 (True Concept Ltd.*) **("True Concept")**, which is a company incorporated in Taiwan indirectly owned by the Company as to 29% and recognized as an associate of the Group, under the intensifying competition in the fitness industry in Taiwan.

The Company has been continuously and closely monitoring the business performances and the financial position of True Concept and exploring possible means with the controlling shareholder and the management of True Concept attempting to improve the business conditions of True Concept so as to protect the interest of the Group as a minority shareholder in True Concept, a franchisor of the fitness business under "True Fitness" and "True Yoga" brand in Taiwan for franchise royalty and a lender of loans provided to True Concept in support of its business operation.

The Board of the Directors of the Company (the "**Board**") wishes to inform the shareholders and potential investors of the Company that the Group is notified by the management of True Concept that the business of True Concept is deteriorating and no longer able to settle its outstanding debts and liabilities. In spite of tremendous efforts made by True Concept over the past few months, its cashflow is still critically tight and its business conditions are still unable to be recovered and improved amid severely challenging business environment in the fitness industry in Taiwan, which was particularly hard hit under COVID-19 pandemic and economy recession. On 30 September 2025, True Concept published that the fitness centers of True Concept will cease to operate from 1 October 2025 and possible actions will be evaluated and, where appropriate, taken in compliance with relevant laws and regulatory requirements of Taiwan, including but not limited to legal proceedings involving closedown (歇業)**, dissolutions (解散)**, bankruptcy (破產)** or liquidation (清算)** of True Concept.

As disclosed in the 2025 Interim Results Announcement, impairment losses were recognized by the Group for the period ended 30 June 2025 mainly due to the operational difficulties and tight financial resources of the fitness business in Taiwan which comprised (i) an impairment loss related to amounts due from an associate under expected credit loss model on financial assets (i.e. royalty fee receivables, loans receivables and other receivables) of approximately HK$161,282,000; (ii) an impairment loss on intangible assets (i.e. franchise agreement) of approximately HK$123,873,000; and (iii) an impairment loss on goodwill of fitness business of approximately HK$88,417,000. After the aforesaid impairments, the net amount receivables from True Concept by the Group as of the date of this announcement is approximately HK$7,580,000.

Based on the information provided by True Concept to the Company, the total debts and liabilities of True Concept as of now would not be less than approximately New Taiwan Dollar (NTD)3,001.3 million (equivalent to HK$771.1 million). Apart from the aforesaid debts and liabilities owed by True Concept to the Group, other debts and liabilities have been incurred by True Concept in its ordinary course of business and the key creditors of such debts and liabilities include employees of the True Concept for their unpaid salaries, members of fitness centers of the Ture Concept who subscribed for membership packages, landlords of premises rented by True Concept for operation as fitness centers, suppliers of products and services used by True Concept in its ordinary operation as well as a financial institution which granted loan to True Concept applied in normal business operation.

The Company has already engaged Taiwan legal adviser to advise on the legal position of the Group and the possible resources available to the Group to recover debts and liabilities owed by the True Concept to the Group for the best interests of the Company and its shareholders.

The Group is principally engaged in the (i) manufacturing and sales of drugs in the People's Republic of China, 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. The Group has been making its best endeavor to grow its pharmaceutical business after COVID-19 pandemic while adverse impact had been posed on the fitness business. As illustrated in the 2025 Interim Results Announcement, the revenue generated from the pharmaceutical segment made up to approximately 76% of the total revenue of the Group recorded for the period ended 30 June 2025. Based on the information available to the Group and the advices sought by the Group as of now, the Company currently believes that the overall financial position of the Group and business operations of the pharmaceutical segment of the Group are expected not to be materially adversely affected due to the possible winding up of True Concept. The Company will keep close monitoring of the business operations and financial position of the fitness segment of the Group as well as the possible winding-up proceedings of True Concept. Further announcement(s) will be made by the Company as and when appropriate.

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

Hong Kong, 30 September 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 purposes only*

** *These English expressions are the terminology used in the English version of the Company Act of Taiwan.*