

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



# 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)

### ANNOUNCEMENT OF AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “Board”) of directors (the “Directors”) of Kontafarma China Holdings Limited (the “Company”) announces that the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025 are as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	3	914,709	897,521
Cost of sales and services		<u>(401,072)</u>	<u>(381,364)</u>
Gross profit		513,637	516,157
Other income	4	20,165	34,362
Other gains and losses	5	(221,306)	(26,532)
Impairment losses under expected credit loss model, net of reversal	6	(195,834)	(49,903)
Distribution and selling expenses		(452,108)	(437,771)
Administrative expenses		(100,158)	(86,270)
Other expenses		(8,366)	(34,630)
Finance costs		<u>(10,760)</u>	<u>(13,392)</u>
Loss before taxation		(454,730)	(97,979)
Taxation	7	<u>(27,827)</u>	<u>(1,042)</u>
Loss for the year	8	<u><u>(482,557)</u></u>	<u><u>(99,021)</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME (Cont'd)**

*For the year ended 31 December 2025*

	<i>NOTE</i>	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Other comprehensive (expense) income:</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation to presentation currency		<b>20,527</b>	(11,682)
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange difference arising on translation of foreign operations		<u>(23,675)</u>	<u>10,202</u>
Other comprehensive expense for the year, net of tax		<u>(3,148)</u>	<u>(1,480)</u>
<b>Total comprehensive expense for the year</b>		<u><b>(485,705)</b></u>	<u><b>(100,501)</b></u>
Loss for the year attributable to:			
Owners of the Company		<b>(427,848)</b>	(75,537)
Non-controlling interests		<u>(54,709)</u>	<u>(23,484)</u>
Loss for the year		<u><b>(482,557)</b></u>	<u><b>(99,021)</b></u>
Total comprehensive expense for the year attributable to:			
— Owners of the Company		<b>(425,862)</b>	(78,588)
— Non-controlling interests		<u>(59,843)</u>	<u>(21,913)</u>
		<u><b>(485,705)</b></u>	<u><b>(100,501)</b></u>
Loss per share	<i>9</i>	<b><i>HK cent</i></b>	<i>HK cent</i>
Basic		<u><b>(7.67)</b></u>	<u><b>(1.35)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment		229,802	228,321
Right-of-use assets		181,298	258,375
Investment property		31,929	32,901
Goodwill		141,895	253,303
Intangible assets		92,876	222,546
Interest in an associate		—	—
Amount due from an associate		—	18,654
Deferred tax assets		120	258
Rental deposits		13,726	14,328
Contract costs		1,521	1,737
		<u>693,167</u>	<u>1,030,423</u>
<b>Current assets</b>			
Inventories		90,923	85,956
Trade receivables	11	137,879	108,710
Contract costs		6,291	6,062
Other receivables, deposits and prepayments		33,423	55,273
Other investment		—	10,000
Amount due from an associate		—	130,389
Amounts due from other related parties		37,432	80,034
Cash and cash equivalents		66,064	80,585
		<u>372,012</u>	<u>557,009</u>
<b>Current liabilities</b>			
Trade payables	12	7,953	6,659
Other payables and deposits received		155,184	113,643
Amounts due to other related parties		4,673	9,979
Tax liabilities		51,595	39,409
Bank borrowings due within one year		65,516	88,054
Provision of reinstatement cost		—	1,227
Deferred income		219	214
Contract liabilities		114,419	120,674
Lease liabilities		63,241	62,453
		<u>462,800</u>	<u>442,312</u>
<b>Net current (liabilities) assets</b>		<u>(90,788)</u>	<u>114,697</u>
<b>Total assets less current liabilities</b>		<u>602,379</u>	<u>1,145,120</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)***At 31 December 2025*

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Capital and reserves</b>		
Share capital	<b>11,177</b>	11,177
Share premium and reserves	<b>542,088</b>	967,524
	<hr/>	<hr/>
Equity attributable to owners of the Company	<b>553,265</b>	978,701
Non-controlling interests	<b>(77,008)</b>	(17,165)
	<hr/>	<hr/>
<b>Total equity</b>	<b>476,257</b>	961,536
	<hr/>	<hr/>
<b>Non-current liabilities</b>		
Bank borrowings due after one year	<b>10,961</b>	—
Deferred tax liabilities	<b>39,389</b>	25,795
Provision for reinstatement cost	<b>11,168</b>	10,359
Deferred income	<b>640</b>	748
Lease liabilities	<b>63,964</b>	146,682
	<hr/>	<hr/>
	<b>126,122</b>	183,584
	<hr/>	<hr/>
	<b>602,379</b>	1,145,120
	<hr/> <hr/>	<hr/> <hr/>

Notes:

## 1. BASIS OF PREPARATION AND PRESENTATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and by the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

### Going concern basis

The consolidated financial statements have been prepared on a going concern basis notwithstanding the Group incurred a loss of approximately HK\$482,557,000 for the year ended 31 December 2025 and had net current liabilities of approximately HK\$90,788,000 as of that date. These conditions may cast significant doubt on the Group’s going concern ability.

In view of the above conditions, the Directors have given careful consideration to the Group’s future liquidity, performance, and available sources of financing in assessing whether it will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve the Group’s financial position and its operations. In the opinion of the Directors, the Group will be able to continue as a going concern in the next twelve months from 31 December 2025 by taking into consideration of the following:

- (i) The Group continuously optimises its advantageous pharmaceutical products, fitness membership package and private training course offerings in response to market conditions and policy directions to enhance the competitiveness of its customers, while simultaneously strengthening its attractiveness and brand recognition among potential applicants;
- (ii) Among the loss for the year ended 31 December 2025 of approximately HK\$482,557,000, HK\$406,417,000 was related to impairment losses on goodwill, intangible assets, and the expected credit loss on amount due from an associate which are mainly attributable to the fitness business segment and were non-cash and non-recurring in nature. The pharmaceutical business segment generated operating profit during the year, and no material impairment loss was recognised for this segment which mitigated the loss suffered from the fitness segment;
- (iii) The Group has been actively negotiating with banks for obtaining facilities to finance its operations and meet other financing obligations.

During 2025, the Group obtained banking facilities from certain banks to provide facilities totalling HK\$185,000,000. As at 31 December 2025, unutilised facilities amounting to HK\$143,000,000 of which HK\$110,000,000 were subject to application of drawdowns with lender. The Directors expect that the Group will be able to drawdown these unutilised facilities when needed, on the basis of its past record of successful drawdowns and compliance with borrowing terms, including timely repayment of principal and interest, and the availability of sufficient collaterals.

Based on the above, the Directors consider that the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for the next twelve months from 31 December 2025. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements on a going concern basis.

## 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

### Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

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

Amendments to HKAS 21	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

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

## 3. REVENUE AND SEGMENT INFORMATION

### Disaggregation of revenue from contracts with customers

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

	2025			2024		
	Pharmaceutical business HK\$'000	Fitness business HK\$'000	Total HK\$'000	Pharmaceutical business HK\$'000	Fitness business HK\$'000	Total HK\$'000
<i>Revenue from contracts with customers within the scope of HKFRS 15</i>						
<b>Disaggregated by major products or services lines</b>						
Manufacture and sales of drugs, including chemical drugs, active pharmaceutical ingredients ("API") and API intermediate	716,970	—	716,970	682,086	—	682,086
Operation of fitness centres and provision of consultation services for fitness and health activities						
— personal training classes	—	64,916	64,916	—	69,707	69,707
— membership packages	—	116,277	116,277	—	109,194	109,194
Royalty fee income in relation to fitness and health activities	—	16,546	16,546	—	36,534	36,534
<b>Total</b>	<b>716,970</b>	<b>197,739</b>	<b>914,709</b>	<b>682,086</b>	<b>215,435</b>	<b>897,521</b>
<b>Timing of revenue recognition</b>						
Point in time	716,970	64,916	781,886	682,086	69,707	751,793
Over time	—	132,823	132,823	—	145,728	145,728
<b>Total</b>	<b>716,970</b>	<b>197,739</b>	<b>914,709</b>	<b>682,086</b>	<b>215,435</b>	<b>897,521</b>
<b>Geographical markets</b>						
Mainland China	696,099	—	696,099	650,149	—	650,149
Singapore	—	181,193	181,193	—	178,901	178,901
Taiwan	—	16,546	16,546	897	36,534	37,431
Others	20,871	—	20,871	31,040	—	31,040
<b>Total</b>	<b>716,970</b>	<b>197,739</b>	<b>914,709</b>	<b>682,086</b>	<b>215,435</b>	<b>897,521</b>

## Segment information

Information reported to the executive Directors, being the chief operation decision maker (the “CODM”), for the purposes of resource allocation and assessment of segment performance focuses on business units. The Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments.

The executive Directors have chosen to organise the Group around differences in products and services. The Group is principally engaged in pharmaceutical and fitness business.

- 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.

The Group’s reportable segments are strategic business units that offer different products or services. They are managed separately because each business requires different technology and marketing strategies.

### Segment revenue and results

The following is an analysis of the Group’s revenue and results by reportable and operating segments.

	Pharmaceutical business		Fitness business		Total	
	2025	2024	2025	2024	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment revenue from external customers	<u>716,970</u>	<u>682,086</u>	<u>197,739</u>	<u>215,435</u>	<u>914,709</u>	<u>897,521</u>
Segment results	20,471	6,956	(419,934)	(71,753)	(399,463)	(64,797)
Unallocated corporate income					3,114	5,755
Unallocated corporate expenses					<u>(58,381)</u>	<u>(38,937)</u>
Loss before taxation					<u>(454,730)</u>	<u>(97,979)</u>

The accounting policies of the operating segments are the same as the Group’s accounting policies. Segment results represent the profit earned by (loss from) each segment without allocation of certain corporate income and expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

There was no inter-segment sales during the years ended 31 December 2025 and 2024.

#### 4. OTHER INCOME

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest income from banks	56	540
Interest income from an intermediate holding company	—	361
Interest income from loans to an associate	1,899	4,515
Interest income from other investment	33	400
	<u>1,988</u>	<u>5,816</u>
Government grant and subsidy		
— release from deferred income	124	217
— related to expenses ( <i>note i</i> )	330	7,792
— related to employment ( <i>note ii</i> )	1,551	2,404
Rental income	3,768	3,629
Service income	3,969	1,105
Sundry income	8,435	13,399
	<u>20,165</u>	<u>34,362</u>

*Note i:* The amount represented financial subsidies received for compensating expenses already incurred or giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies in relation to the grants and the grants were determined at the sole discretion of relevant government authorities.

*Note ii:* Government grant related to employment mainly arose from the Progress Wage Credit Scheme (“PWCS”) introduced by the Singapore government of approximately HK\$936,000 (2024: HK\$1,690,000). The PWCS supported employers to expand local hiring. The Group has elected to present this government grant separately in profit or loss as “other income”, rather than reducing the related expense. There are no unfulfilled conditions or contingencies attached to the receipts of those subsidies.

## 5. OTHER GAINS AND LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Net foreign exchange gain (loss)	16,331	(7,822)
Losses on disposal and written off of intangible assets	—	(1,120)
Loss on disposal and write-off of property, plant and equipment, net	(3,804)	(25)
Impairment loss on goodwill ( <i>note i</i> )	(111,541)	—
Gain on lease modification	3,238	320
Impairment loss on intangible assets ( <i>note ii</i> )	(125,557)	(18,816)
Others	27	931
	<u>(221,306)</u>	<u>(26,532)</u>

*Note i:* During the year ended 31 December 2025, the Directors have identified the operating loss of fitness segment and operational difficulties and tight financial resources of franchisee 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\$111,541,000 (31 December 2024: Nil), which represented 51% (to the extent the goodwill allocated to the parent) of the impairment loss of HK\$218,707,000, has been recognised and included in profit or loss.

*Note ii:* Amounts mainly represent impairment loss for the intangible asset related to franchise agreement on the non-exclusive rights to operate the franchise business in Taiwan recognised in interim reporting period of HK\$123,873,000. Details refer to note 11 of the Company’s announcement — unaudited interim results for the six months ended 30 June 2025.

## 6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS (“ECL”) MODEL, NET OF REVERSAL

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Impairment losses (recognised) reversed on:		
— Trade receivables	2,099	(2,719)
— Other receivables and deposits	(5,897)	(400)
— Amount due from an associate	(169,319)	(35,449)
— Amounts due from other related parties	(22,717)	(11,335)
	<u>(195,834)</u>	<u>(49,903)</u>

In 2025, except for amount due from an associate and certain debtor included in amounts due from other related parties which management assessed as credit impaired and assessed expected credit loss under lifetime ECL — credit-impaired basis, other financial assets were assessed under 12-month ECL and lifetime ECL — not credit-impaired basis.

## 7. TAXATION

Income tax has been recognised in profit or loss as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
— The People's Republic of China (the "PRC")		
Enterprise Income Tax	7,533	5,804
— Dividend Withholding Income Tax	4,912	3,287
— Hong Kong Profits Tax	—	21
— Taiwan Corporate Income Tax	2,482	5,480
	<u>14,927</u>	<u>14,592</u>
(Over) under-provision in prior years		
— PRC Enterprise Income Tax	(1,469)	1,382
— Hong Kong Profits Tax	(2)	—
	<u>(1,471)</u>	<u>1,382</u>
Deferred tax	<u>14,371</u>	<u>(14,932)</u>
	<u>27,827</u>	<u>1,042</u>

## 8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging (crediting):

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Staff costs (including Directors' and senior management's emoluments)		
— Salaries and other costs	165,970	142,258
— Retirement benefits scheme contributions	16,539	15,271
Total staff costs	182,509	157,529
Less: amounts capitalised in inventories	<u>(11,259)</u>	<u>(12,509)</u>
Total staff costs (included in cost of sales and services, distribution and selling expenses and administrative expenses)	<u>171,250</u>	<u>145,020</u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Amortisation and depreciation		
— Amortisation of intangible assets (included in administrative expenses)	4,202	6,753
— Depreciation of investment property (included in administrative expenses)	1,778	1,790
— Depreciation of right-of-use assets (included in cost of sales and services and administrative expenses)	59,557	64,657
— Depreciation of property, plant and equipment (included in cost of sales and services, distribution and selling expenses and administrative expenses)	<u>25,538</u>	<u>25,929</u>
Total amortisation and depreciation	<u>91,075</u>	<u>99,129</u>
Auditors' remuneration		
— Audit service	3,910	3,436
— Non-audit service	576	879
Cost of inventories recognised as expenses	206,801	172,834
Net foreign exchange (gain) loss	(16,331)	7,822
Property rental income, net of negligible outgoing expenses	(3,768)	(3,629)
Research and development expenses (included in other expenses)	8,366	34,630
Sales promotion expenses (included in distribution and selling expenses)	446,461	427,604
Lease payments for low-value assets	189	125
Lease payments for short-term lease	225	156
Impairment loss on intangible assets (included in other gains and losses)	125,557	18,816
Impairment loss on goodwill (included in other gains and losses)	<u>111,541</u>	<u>—</u>

## 9. LOSS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year for the purposes of basic loss per share attributable to owners of the Company	<u>(427,848)</u>	<u>(75,537)</u>
	<i>Shares</i>	<i>Shares</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share	<u>5,578,713,777</u>	<u>5,578,713,777</u>

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the share award scheme of the Company.

No diluted loss per share is presented for the years ended 31 December 2025 and 2024 as there was no potential ordinary share in issue for the years ended 31 December 2025 and 2024.

## 10. DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil). No dividend was declared or paid by the Company during the year ended 31 December 2025 (2024: Nil).

## 11. 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 its trade customers credit periods 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 90 days	94,109	74,837
91 to 180 days	39,392	29,530
181 to 365 days	4,107	3,150
Over 1 year	271	1,193
	<u>137,879</u>	<u>108,710</u>

As at 31 December 2025, included in total trade receivables are bills receivables amounting to HK\$7,466,000 (2024: HK\$9,559,000) held by the Group for future settlement of trade payables. All bills receivables are with a maturity period of less than one year.

## 12. 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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0 to 90 days	5,491	4,258
91 to 180 days	114	16
181 to 365 days	7	136
Over 1 year	2,341	2,249
	<u>7,953</u>	<u>6,659</u>

The credit period on purchases of goods and services is 30 to 180 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

### 13. CONTINGENCIES

- (a) On 13 August 2019, the Company was served a writ of summons (the “Writ”) filed by Mr. Patrick John Wee Ewe Seng (“Mr. PJW”) and Active Gains Universal Limited (“Active Gains”) as the plaintiffs (collectively 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 (the “2019 Legal Proceedings”) in the High Court of Hong Kong.

The Plaintiffs’ allegations in the Writ are related to the acquisition by Fester Global of 51% equity interest in TFKT True Holdings (“True Cayman”) pursuant to the sale and purchase agreement dated 6 May 2017 (“SPA”) made between Fester Global (as purchaser), the Company (as purchaser’s guarantor), Active Gains (being an entity controlled by Mr. PJW as vendor), and Mr. PJW (as vendor’s warrantor). Details of the said acquisition are disclosed in the announcements and circular of the Company respectively dated 7 May 2017, 29 May 2017 and 28 July 2017 (collectively, the “Documents”). The Plaintiffs claim for, among others, the following:

- (i) payment of balance of the purchase price, being US\$3,500,000;
- (ii) a declaration that the profit guarantee given by Active Gains and Mr. PJW in favour of the Company and Fester Global in respect of True Cayman Group for the financial year ended 31 December 2017 had been met; and
- (iii) a declaration that the profit guarantee given by Active Gains and Mr. PJW in favour of the Company and Fester Global in respect of the True Cayman Group for the financial years ended 31 December 2018 and 2019 ceases to have effect and that Active Gains be entitled to exercise the put option so as to sell certain shareholding in True Cayman to Fester Global according to the terms of the SPA as disclosed in the Documents.

The Company has filed the defence to the High Court of Hong Kong on 12 December 2019 and 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 has failed to compensate the Group in respect of the profit guarantee shortfalls 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 Group issued a counterclaim (the “Counterclaim”) against the Plaintiffs to recover the balance of the profit guarantee shortfalls, 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) a Re-Amended Defence and Counterclaim and (b) a 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 2025.

- (b) As part of the Group’s further actions to seek compensation from Active Gains and Mr. PJW under the profit guarantee arrangement of SPA, in March 2022, a concurrent writ of summons with statement of claim (the “Concurrent 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 Concurrent 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 claims against Active Gains are disclosed in the Company's announcement dated 25 March 2022.

Active Gains and Mr. PJW 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. There was no material progress for the 2021 Legal Proceedings during 2025.

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.

Pursuant to an order of the High Court of Singapore on 6 October 2025, a bankruptcy order was made against Mr. PJW, and Mr. Luke Anthony Furler and Mr. Tan Kim Han of Quantuma International have been appointed as the joint and several private trustees of the bankruptcy estate of Mr. PJW (collectively, the "PTIBs"). As the PTIBs require time to investigate Mr. PJW's assets, including the shares he holds in Active Gains, a British Virgin Islands (the "BVI") incorporated company, and to seek formal recognition of the Singapore bankruptcy order in both Hong Kong and the BVI, there was no material progress for both the 2019 Legal Proceedings and the 2021 Legal Proceedings, and the dates of trial have not been fixed up to the date of issue of these 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 and the 2021 Legal Proceedings is remote.

- (c) On 29 April 2024, the Company received from the offshore registered agents of True Cayman and Fester Global a petition (the "2024 Cayman Petition") dated 25 April 2024 presented by Active Gains (as petitioner) against True Cayman to the Grand Court of the Cayman Islands (the "Cayman Court") for, inter alia, (a) the winding up of True Cayman, (b) pursuant to section 95(3) of the Companies Act of the Cayman Islands, as an alternative to a winding-up order, an order providing for the purchase of the shares in True Cayman from Active Gains by other members of True Cayman or by True Cayman itself at fair market value and, in the case of a purchase by True Cayman itself, a reduction of True Cayman's capital accordingly; (c) such further or other relief be granted as the Cayman Court deems appropriate; and (d) Active Gains' costs be paid by True Cayman and/or Fester Global, as the Cayman Court deems appropriate.

The key allegations made by Active Gains in the 2024 Cayman Petition are that its relationship with Fester Global is at an irreparable state, and it would not be in the best interests of True Cayman or its shareholders for the current untenable state of affairs to continue. The Company denied the allegations in the 2024 Cayman Petition, and on 14 June 2024, Fester Global applied to strike out or dismiss the 2024 Cayman Petition, or in the alternative to impose a stay of the 2024 Cayman Petition pending determination of the 2019 Legal Proceedings and the 2021 Legal Proceedings. Based on the judgment handed down by the Cayman Court on 3 October 2024, the Cayman Court granted a temporary case management stay of the 2024 Cayman Petition pending the determination of the 2019 Legal Proceedings and the 2021 Legal Proceedings.

Details of the 2024 Cayman Petition are disclosed in the announcements of the Company dated 30 April 2024 and 7 October 2024. There was no material progress for 2024 Cayman Petition during 2025.

Except for the above, the Group did not have any material contingent liabilities as at 31 December 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2025, 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) operation of fitness centres and provision of consultation services for fitness and health activities, and operation of franchise business by granting franchise to franchisees to run fitness centres for royalty fee income.

The Group's fitness franchise business in Taiwan ceased from 1 October 2025 following the cessation of operations of fitness centres by the franchisee as detailed in the Company's announcement dated 30 September 2025.

### Financial Results

For the year ended 31 December 2025, the Group's revenue and gross profit amounted to approximately HK\$914.7 million and HK\$513.6 million (2024: approximately HK\$897.5 million and HK\$516.2 million) respectively, representing an increase of approximately 1.9% and a decrease of 0.5% as compared with last year. The increase in revenue and decrease in gross profit were mainly attributable to the following reasons:

- For the pharmaceutical business segment, the increase in revenue was driven by sustained sales growth of Tongfang Pharmaceutical Group Co., Ltd.\* (同方藥業集團有限公司) ("Tongfang Pharmaceutical") and increased customer demand for products of Chongqing Kangle Pharmaceutical Co., Ltd.\* (重慶康樂製藥有限公司) ("Chongqing Kangle"). Meanwhile, the Group adjusted the pricing strategy for certain products due to intensified market competition, which imposed adverse impact on gross profit; and
- In respect of the fitness business segment, the Group's cessation of franchise business in Taiwan resulted in a decline in both revenue and gross profit.

The Group's net loss for the year ended 31 December 2025 was approximately HK\$482.6 million (2024: net loss of approximately HK\$99.0 million). Basic loss per share was approximately HK\$7.67 cents (2024: loss per share of approximately HK\$1.35 cents). The significant increase in the Group's net loss was primarily attributable to the cessation of the franchise business in Taiwan and slower-than-expected recovery of the Group's fitness business, which resulted in (i) impairment losses under expected credit loss model on amount due from an associate of approximately HK\$169.3 million; (ii) impairment losses on intangible assets in relation to the franchise agreement of approximately HK\$123.9 million; and (iii) impairment losses on goodwill of approximately HK\$111.5 million.

## **Business Review**

### ***Pharmaceutical Business***

For the year ended 31 December 2025, the revenue and gross profit of the Group's pharmaceutical business were approximately HK\$717.0 million and HK\$500.8 million (2024: approximately HK\$682.1 million and HK\$501.1 million) respectively, representing a year-on-year increase of approximately 5.1% and decrease of 0.1%. The main reasons were that the increase in revenue was driven by sustained sales growth of Tongfang Pharmaceutical and increased customer demand of Chongqing Kangle. Meanwhile, the Group adjusted the pricing strategy for certain products due to intensified market competition, which imposed adverse impact on gross profit.

For the year ended 31 December 2025, the results of the pharmaceutical business segment of the Group recorded a profit of approximately HK\$20.5 million (2024: approximately HK\$7.0 million). The increase in profit was mainly due to the Group's target-oriented investment approach adjusted with reference to different stages of research and development activities, resulting in a decrease in research and development expenses for the year as compared with last year.

#### ***1. 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 products mainly cover the therapeutic areas of local anesthesia and gynecological purposes. For the year ended 31 December 2025, Tongfang Pharmaceutical recorded revenue and gross profit of approximately RMB563.9 million and RMB461.8 million (2024: approximately RMB543.3 million and RMB461.0 million), respectively. The revenue and the gross profit recorded a year-on-year increase of approximately 3.8% and 0.2%, respectively.

For the year ended 31 December 2025, Tongfang Pharmaceutical recorded revenue growth driven by online marketing efforts, but also faced challenges arising from intense market competition. Onward, Tongfang Pharmaceutical will enhance research and development efficiency and build a more competitive product portfolio, embracing new opportunities and challenges with a prudent and proactive approach.

#### ***2. 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 year ended 31 December 2025, Chongqing Kangle recorded revenue and gross profit of approximately RMB100.1 million and RMB12.7 million (2024: approximately RMB84.0 million and RMB8.5 million) respectively. The revenue and the gross profit recorded a year-on-year increase of approximately 19.2% and approximately 49.2%, respectively.

For the year ended 31 December 2025, the increase in revenue of Chongqing Kangle was mainly attributable to the increase in revenue and gross profit driven by higher demand from overseas customers for certain core products.

### ***Fitness Business***

The revenue of the Group's fitness business for the year ended 31 December 2025 was approximately HK\$197.7 million (2024: approximately HK\$215.4 million), which includes royalty fee income of approximately HK\$16.5 million (2024: approximately HK\$36.5 million). The Group's fitness business for the year ended 31 December 2025 recorded loss of approximately HK\$419.9 million (2024: approximately HK\$71.8 million).

The overall decrease in revenue and gross profit from the Group's fitness business was due to the cessation of its franchise business in Taiwan, which offset a modest recovery in the Singapore market. Notwithstanding the implementation of numerous cost saving initiatives aiming to enhance the profitability, the Group's fitness business recorded significant losses, which were primarily attributable to the impairment losses on intangible assets and goodwill, coupled with the expected credit losses of receivables franchise fee resulting from the cessation of its franchise business in Taiwan.

### **Financial Review**

#### ***Liquidity and Financing***

The Group's capital expenditure, daily operations and investments during the year ended 31 December 2025 were mainly funded by cash generated from its operations and loans from principal banks.

As at 31 December 2025, the Group maintained bank balances and cash reserves of approximately HK\$66.1 million (31 December 2024: approximately HK\$80.6 million), all of which were cash and cash equivalents.

As at 31 December 2025, the Group had outstanding borrowings repayable within one year of approximately HK\$65.5 million and outstanding borrowings repayable after one year of HK\$11.0 million (31 December 2024: approximately HK\$88.1 million and HK\$ nil). As at 31 December 2025, 76.3% of the Group's outstanding borrowings were denominated in Renminbi ("RMB") and 23.7% in Singapore dollars ("SGD"). Approximately 52.5% of Group's outstanding borrowings were charged at floating rates while the remainder were at fixed rates.

The gearing ratio (total borrowings over total assets) of the Group as at 31 December 2025 was as follows:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Total borrowings	<u>76,477</u>	<u>88,054</u>
Total assets	<u>1,065,179</u>	<u>1,587,432</u>
Gearing ratio	<u>7.2%</u>	<u>5.5%</u>

### ***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 ("US\$") and HK\$. The Group closely monitors such foreign exchange exposure and will consider hedging significant currency exposure if necessary. However, since the Group's 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 31 December 2025, the Group's bank borrowings of approximately HK\$45,699,000 (31 December 2024: approximately HK\$85,524,000) and lease liabilities of Nil (31 December 2024: approximately HK\$151,000) were secured by the following:

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Buildings and structures	108,994	30,622
Investment property	31,929	32,901
Right-of-use assets	67,492	1,434
Construction in progress	13,029	—
Bank balance	<u>762</u>	<u>305</u>
	<u>222,206</u>	<u>65,262</u>

## ***Material Capital Commitments and Investments***

The Group had the following capital commitments:

	<b>2025</b>	2024
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Capital commitments contracted for but not provided in the consolidated financial statements:		
— Acquisition of property, plant and equipment	<b><u>25,168</u></b>	<u>5,284</u>

### **Employees**

As at 31 December 2025, the Group had 636 (2024: 688) employees and the staff costs (including Directors' emoluments and retirements benefits scheme contribution) of the Group were approximately HK\$171,250,000 (31 December 2024: approximately HK\$145,020,000). 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 of the Company. 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**

Looking ahead, in facing a market environment where opportunities and challenges coexist, the Group will continue to focus on its existing business with competitive strength, proactively explore development potential, and strive to create long-term value.

### **Pharmaceutical Business**

The Group will seize the strategic opportunities presented by the “Healthy China” initiative for its pharmaceutical business in an innovation-driven and quality-focused manner, aiming to establish a comprehensive presence in the pharmaceutical and broader healthcare industry. It will develop deep into the pharmaceutical market, fortify existing channels on the established market foundation of its key products, and further expand into the internet, national health insurance essential drugs, offline outlets and overseas markets, while striving to develop new sales channels based on the nature of generic drugs and APIs to form a sustainable development pattern with solid inventory and breakthrough incremental growth. Meanwhile, focusing on the concept of “medicine-food homology”, the Group will vigorously develop market channels for food and health supplements. Centering on high-value-added APIs, it will drive the transformation and upgrading of APIs, and accelerate the launch of new products with strengthened research and development efforts and industry cooperation to diversify the product portfolio of the Company and continuously enhance its overall competitiveness.

## **Fitness Business**

Onward, the Group's fitness business in Singapore is expected to inevitably face multiple challenges, including but not limited to a gradually saturating industry environment, increasingly fierce market competition, and rising costs in attracting customers. In response to these challenges, the Group will prudently manage its fitness business with the objectives of enhancing brand value and optimizing customer experience, and ride on diversified services and digital operations, so as to comprehensively improve the operational efficiency of individual gyms to ensure the continued delivery of premium services that exceed customer expectations amid a challenging macroeconomic environment.

## **DIVIDEND**

The Board has resolved not to recommend any final dividend for the year ended 31 December 2025 (2024: Nil).

## **SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD**

There has been no significant event which occurred after 31 December 2025 and up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the year ended 31 December 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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), 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 of the Company (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.

## **REVIEW OF ANNUAL RESULTS**

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2025 contained herein.

## **SCOPE OF WORK OF BDO LIMITED**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2025.

## **PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY**

The Company's annual report for the year ended 31 December 2025 (the "2025 Annual 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 audited consolidated results of the Group for the year ended 31 December 2025 set out above does not constitute the Company's statutory financial statements but is extracted from the consolidated financial statements for the year ended 31 December 2025 to be included in the 2025 Annual Report.

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

Hong Kong, 27 March 2026

*As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Wang Feifei (Chairman and President), 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*