
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **Kontafarma China Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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)

**MAJOR TRANSACTION
IN RELATION TO
RENEWAL OF LEASE FOR FITNESS AND
YOGA CENTRE**

Capitalised terms used in this cover shall have the same meanings as defined in this circular. A letter from the Board is set out on pages 4 to 9 of this circular.

The transaction being the subject matter of this circular has been approved by written shareholder's approval on 27 July 2026 pursuant to Rule 14.44 of the Listing Rules. Subsequently, an announcement dated 10 September 2026 was made by the Company regarding creditors' voluntary winding-up of subsidiaries of the Company which operated fitness and yoga centres in Singapore and cessation of operation of such fitness and yoga centres. This circular is being despatched to Shareholders for information and for compliance of Rule 14.66 of the Listing Rules only.

Hong Kong, 24 September 2026

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	4
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	10
APPENDIX II — GENERAL INFORMATION	20

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings when used herein:

“Announcement”	the announcement of the Company dated 27 July 2026 in relation to, among other things, the New Lease and the transaction contemplated thereunder
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Company”	Kontafarma China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1312)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Lease”	the lease dated 17 August 2023 entered into between the Landlord and the Tenant in respect of the lease of the Premises for the period commencing from 24 August 2023 to 30 September 2026
“Goods and Services Tax”	goods and services tax chargeable under the Goods and Services Tax Act 1993 of Singapore and subsidiary legislation gazette pursuant thereto
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” which includes standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is (are) independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders of the Company, its subsidiaries or any of their respective associate(s)

DEFINITIONS

“Landlord”	Millenia Private Limited, a company incorporated in Singapore with limited liability
“Latest Practicable Date”	23 September 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“New Lease”	the lease dated 27 July 2026 entered into between the Landlord and the Tenant in respect of renewal of the lease of the Premises
“percentage ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Premises”	the premises located at #02–63 and Connecting Terrace, #02–62/62A/62B/62C and #02–64/65/66/67/68/69 of Millenia Walk, Nine Raffles Boulevard, Singapore 039596 and ancillary area thereof
“S\$”	Singapore dollars, the lawful currency of Singapore
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	the ordinary share(s) of HK\$0.002 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shenzhen Waranty”	Shenzhen Waranty Asset Management Co., Ltd.* (深圳市華融泰資產管理有限公司), a company established under the laws of the PRC with limited liability, which directly owns the entire issued share capital of Waranty Hong Kong, and a Controlling Shareholder of the Company
“Singapore”	the Republic of Singapore
“sq.ft.”	square feet
“sq.m.”	square metres

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenant”	True Yoga Pte. Ltd., a company incorporated in Singapore with limited liability
“Waranty Hong Kong”	Waranty Assets Management (HK) Limited (華融泰資產管理(香港)有限公司), a limited company incorporated in Hong Kong, which directly holds approximately 56.77% shareholding in the Company as the Latest Practicable Date
“%”	per cent

* *For identification purpose only.*

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



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)

Executive Directors:

Mr. Wang Limin (*Chairman*)
Mr. Li Qingshan (*President*)
Mr. Ge Shouwen (*Vice President*)
Ms. Guo Zixiu (*Financial Controller*)

Independent Non-Executive Directors:

Dr. Tang Lai Wah
Dr. Ho Ho Ming
Mr. Yao Xiaomin

Registered Office:

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

*Head Office and Principal Place
of Business:*

Rooms 12A15–12A20, 12A/F
Sun Hung Kai Centre
30 Harbour Road
Wanchai, Hong Kong

24 September 2026

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO RENEWAL OF LEASE FOR FITNESS AND YOGA CENTRE

INTRODUCTION

Reference is made to the Existing Lease entered into between the Tenant (a then indirect non-wholly owned subsidiary of the Company) and the Landlord in respect of the Premises in which the Group has been operating a fitness and yoga centre for the period from 24 August 2023 to 30 September 2026.

As disclosed in the Announcement, on 27 July 2026, the Tenant entered into the New Lease with the Landlord in respect of renewal of the lease of the Premises for a term of three years commencing from 1 October 2026 and expiring on 30 September 2029.

LETTER FROM THE BOARD

On 10 September 2026, the Company published an inside information announcement regarding creditors' voluntary winding-up (the "CVL") of subsidiaries of the Company which operated fitness and yoga centres in Singapore and cessation of operation of such fitness and yoga centres (the "CVL Announcement"). Such subsidiaries being put under CVL included the Tenant under the New Lease. Following the cessation of operation of the fitness and yoga centre at the premises in Singapore which was originally intended to be leased under the New Lease, the New Lease signed by the Tenant will not be performed as originally contemplated and the rights and liabilities of the parties under the New Lease will be determined according to relevant laws and regulations of Singapore applicable to company incorporated in Singapore which is under CVL proceedings.

The purpose of this circular is to provide you with, among other things, further details of the New Lease and other information as required under the Listing Rules for your information and for compliance with Rules 14.41 and 14.66 of the Listing Rules only.

RENEWAL OF LEASE FOR FITNESS AND YOGA CENTRE

Set out below is a summary of the principal terms of the New Lease:

Date	:	27 July 2026
Parties	:	(a) Millenia Private Limited (as the Landlord, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Landlord and its ultimate beneficial owner(s) is an Independent Third Party); and (b) True Yoga Pte. Ltd. (as the Tenant)
Premises	:	#02-63 and Connecting Terrace, #02-62/62A/62B/62C and #02-64/65/66/67/68/69 of Millenia Walk, Nine Raffles Boulevard, Singapore 039596 and ancillary area thereof
Use	:	For the operations of fitness and yoga centre
Term	:	Three (3) years commencing from 1 October 2026 and expiring on 30 September 2029
Rent	:	S\$255,961.35 (equivalent to approximately HK\$1,561,364) per month (inclusive of service charge) plus Goods and Services Tax, which should be paid in advance on the first day of each month
Deposit	:	S\$767,884.05 (equivalent to approximately HK\$4,684,093), being equivalent to the three months' amount payable for rent (inclusive of service charge). Up to the Latest Practicable Date, 50% of the aforesaid deposit has been settled with the remaining 50% yet paid to the Landlord.

LETTER FROM THE BOARD

But for the CVL, the unaudited value of the right-of-use asset should be recognised by the Company under the terms of the New Lease of approximately S\$8,728,665 (equivalent to approximately HK\$53,244,857), representing the present value of the aggregate rent payable thereunder in accordance with HKFRS 16.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW LEASE

The Group had been leasing the Premises to operate one of its fitness and yoga centres since August 2023. The entering into of the New Lease for renewal of the lease of the Premises upon lease expiry was originally intended to save the Group from incurring additional costs and expenses in identifying, renovating and relocating to alternative premises and costs and expenses in reinstating the Premises.

The terms of the New Lease, including the rent (inclusive of service charge but exclusive of rates, government rent and other charges), were determined after numerous rounds of arm's length negotiations between the parties having taking into account the prevailing market rent and lease terms of similar premises in the proximity of the Premises as well as the rental payments made by the Group under the Existing Lease in respect of the Premises. In evaluating the renewal of the New Lease, the Directors considered that the fitness and yoga centre had operated at the Premises for approximately three years, occupying a substantial area of roughly 41,664 sq.ft.. The monthly rental for the New Lease reflects a modest increase of approximately 4.79% compared to the Existing Lease entered into three years ago, remaining reasonable despite surging market rents over the same period. As such, the effective monthly rental rate of approximately S\$6.14 per sq.ft. was considered to be fair and reasonable given the size and designated use of the space.

The Company had also evaluated the recent rental statistics published by the Urban Redevelopment Authority of Singapore ("URA") for actual stamped contracts along Raffles Boulevard, being the same street on which the Premises are located. Based on URA's rental statistics for the second quarter of 2026, the 25th percentile, the median and the 75th percentile of the rental rates for retail premises along Raffles Boulevard were S\$79.44 per sq.m. per month, equivalent to approximately S\$7.38 per sq.ft. per month, S\$107.05 per sq.m. per month, equivalent to approximately S\$9.95 per sq.ft. per month and S\$153.33 per sq.m. per month, equivalent to approximately S\$14.24 per sq.ft. per month, respectively. Moreover, the Company has also searched the asking rent of three comparable premises along Raffles Boulevard through Commercial Guru (a major Singapore commercial property listing platform) and noted that the market average monthly rental per sq.ft. of gross floor area ranging from approximately S\$9 to S\$22.

Since the monthly rental (inclusive of service charge but exclusive of rates, government rent and other charges) of the New Lease falls below the URA 25th percentile and sits well beneath prevailing market asking rents for retail premises along Raffles Boulevard, the Directors were of the view that the rental of the Premises would be favourable to the comparable premises. Given the accessible location within Millenia Walk, the substantially large floor area of the Premises, its specialized use as a fitness and yoga centre, the tenure, and overall commercial terms, the Directors considered the rental payable under the New

LETTER FROM THE BOARD

Lease as fair and reasonable and generally would be favourable compared to retail spaces in the immediate vicinity. Such terms were reached after best efforts being made in the course of negotiations with the Landlord.

The Directors, including the independent non-executive Directors, considered at the material time when the New Lease was signed that the entering into of the New Lease is conducted in the ordinary and usual course of business of the Group, the terms and conditions thereof are fair and reasonable and the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Subsequently, the Tenant was put under the CVL as disclosed in the CVL Announcement. Please refer to the sections respectively headed “4. Material Adverse Change” and “5. Financial and Trading Prospects of the Group” in Appendix I of this circular for further details.

INFORMATION OF THE PARTIES

Landlord

The Landlord is a company incorporated in Singapore with limited liability. Based on publicly available information, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, (a) the Landlord is principally engaged in letting and operating of self-owned or leased real estate property; and (b) each of the Landlord and its ultimate beneficial owners (including Kwee Liong Keng (郭良耿), Kwee Liong Tek (郭良德), Kwee Liong Seen (郭良成) and Kwee Liong Phing (郭良平), their family members and the entity controlled by them) is an Independent Third Party.

Tenant

The Tenant is a company incorporated in Singapore with limited liability and a then indirect non-wholly owned subsidiary of the Company which is principally engaged in operation of fitness centres and provision of consultation services.

LETTER FROM THE BOARD

The Group

The Company is an investment holding company and the Group is currently principally engaged in manufacturing and sales of drugs in the PRC, including chemical drugs, active pharmaceutical ingredients (“API”) and API intermediate. Prior to the CVL, the Group also engaged in operating of fitness centres and provision of consultation services for fitness and health activities, and operating of franchise business for royalty fee income.

EFFECTS OF THE NEW LEASE ON THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

In accordance with HKFRS 16 Leases, the value of the right-of-use asset that should be recognised by the Group but for the CVL under the New Lease amounted to approximately S\$8,728,665 (equivalent to approximately HK\$53,244,857) which is calculated with reference to the present value of the aggregated rent payable. But for the CVL, the Group should depreciate the right-of-use assets over the estimated useful life of 36 months on a straight line-basis and a monthly depreciation amounting to approximately S\$242,463 (equivalent to approximately HK\$1,479,024) should be charged to the consolidated statement of profit or loss. Lease liabilities amounting to approximately S\$8,728,665 (equivalent to approximately HK\$53,244,857) should be recognised by the Group in the consolidated statement of financial position and should decrease upon the settlement of rent payables to the Landlord accordingly. There would be no change in net assets on the consolidated statement of financial position of the Group immediately after entering into the New Lease.

Following the CVL and the cessation of operation of the fitness and yoga centre at the premises in Singapore which was originally intended to be leased under the New Lease, the New Lease signed by the Tenant will not be performed as originally contemplated. As such, the aforesaid effects will not be recognized in the financial statements of the Company. Please refer to section “5. Financial and Trading Prospects of the Group — Impact of the CVL on the fitness business segment” in Appendix I of this circular for further details.

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Company will recognise the unaudited value of the right-of-use asset on its consolidated statement of financial position in connection with the New Lease. Accordingly, the transaction contemplated under the New Lease will be regarded as an acquisition of asset by the Company for the purpose of the Listing Rules.

As one or more of the applicable percentage ratio(s) under Rule 14.07 of the Listing Rules in respect of the value of the right-of-use asset under the New Lease exceeds 25% but is below 100%, the transaction contemplated under the New Lease constitutes a major transaction for the Company and is therefore subject to the announcement, reporting and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders have a material interest in the New Lease and the transaction contemplated thereunder and therefore no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the New Lease and the transaction contemplated thereunder.

WRITTEN SHAREHOLDER'S APPROVAL

On 27 July 2026, the Company obtained a written Shareholder's approval from Waranty Hong Kong, a controlling Shareholder directly holding 3,172,778,000 Shares, representing approximately 56.77% of the issued share capital of the Company as at the date of the New Lease, for approving the New Lease and the transaction contemplated thereunder in lieu of holding a general meeting of the Company in accordance with Rule 14.44 of the Listing Rules. Accordingly, no general meeting of the Company will be held for the approval of the New Lease and the transaction contemplated thereunder.

RECOMMENDATIONS

Although no general meeting would be convened for approving the New Lease, the Directors (including the independent non-executive Directors) believed at the material time when the New Lease was signed that the New Lease would be fair and reasonable and in the best interests of the Company and the Shareholders as a whole to the best knowledge of the Directors based on the information then available. Accordingly, if the general meeting were convened for approving the New Lease, the Directors would have at the material time when the New Lease was signed recommended the Shareholders to vote in favour of the New Lease.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of
Kontafarma China Holdings Limited
Wang Limin
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group:

- (i) for the year ended 31 December 2023 has been disclosed on pages 124 to 304 of the Company's 2023 annual report published on 29 April 2024;
- (ii) for the year ended 31 December 2024 has been disclosed on pages 132 to 300 of the Company's 2024 annual report published on 29 April 2025;
- (iii) for the year ended 31 December 2025 has been disclosed on pages 149 to 312 of the Company's 2025 annual report published on 23 April 2026; and
- (iv) for the period ended 30 June 2026 has been disclosed on pages 5 to 43 of the Company's 2026 interim report published on 4 September 2026.

The aforesaid annual and interim reports of the Company are available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<http://www.kontafarma.com.hk>).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 July 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the details of the Group's indebtedness and contingent liabilities (unaudited) were as follows:

Bank borrowings

As at 31 July 2026, the Group had outstanding bank borrowings of approximately HK\$99,017,000. The borrowings comprised (i) unsecured and unguaranteed bank borrowings of approximately HK\$46,621,000; (ii) secured and guaranteed bank borrowings of approximately HK\$15,138,000 and (iii) secured and unguaranteed bank borrowings of approximately HK\$37,258,000.

The aforesaid secured bank borrowings were secured by the Group's right-of-use assets, buildings and structures, bank balance, investment property, construction in progress and the assets of a subsidiary as at 31 July 2026.

Lease liabilities

As at 31 July 2026, the Group had outstanding lease liabilities of approximately HK\$89,642,000 which were unsecured and unguaranteed.

Amounts due to related parties

As at 31 July 2026, the Group had outstanding amounts due to related parties of approximately HK\$3,632,000 which were unguaranteed and unsecured.

Contingent liabilities

As at 31 July 2026, the Group had the following contingent liabilities arising from incidents as disclosed in the 2026 interim report of the Company.

- (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 (the “**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 diligently 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 ("**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 as at 31 July 2026.

- (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 as at 31 July 2026.

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. The dates of trial have not been fixed up to the Latest Practicable Date. 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.

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 Trident Capital Advisors (formerly known as Quantum International) have been appointed as the joint and several private trustees of the bankruptcy estate of Mr. PJW (collectively, the “PTIBs”). The PTIBs are in the progress 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.

- (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 in 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 as at 31 July 2026.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables, as at 31 July 2026, the Group did not have any debt securities issued or outstanding or authorised or otherwise created but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

3. WORKING CAPITAL OF THE GROUP

The Directors, after due and careful enquiry, are of the opinion that, taking into account the internal financial resources and credit facilities available to the Group and the effect of the New Lease, and in the absence of unforeseen circumstances, the Group will have sufficient working capital for its present requirements for a period of at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

Liquidation of the then Singapore subsidiaries of the Company

As disclosed in the CVL Announcement of the Company dated 10 September 2026, the director of each of True Fitness Pte. Ltd. (“**True Fitness**”, another the then indirect non-wholly owned subsidiaries of the Company) and the Tenant passed resolutions to resolve to, amongst others, (i) lodge declarations of companies’ inability to continue business by reason of the liabilities of True Fitness and the Tenant with the Official Receiver of the Ministry of Law’s Insolvency Office of Singapore; (ii) appoint Messrs. Goh Wee Teck and Lin Yueh Hung, both licensed insolvency practitioners, care of RSM SG Corporate Advisory Pte Ltd as the provisional liquidators of True Fitness and the Tenant; (iii) convene extraordinary general meetings of True Fitness and the Tenant on 7 October 2026 at which creditors’ voluntary winding-up (i.e. the CVL) will be proposed, and convene meetings of the creditors of True Fitness and the Tenant after the aforesaid extraordinary general meetings for the purpose of CVL affairs under the Insolvency, Restructuring and Dissolution Act 2018 of Singapore (the “**IRDA**”).

Information on True Fitness and the Tenant

True Fitness, the Tenant and together with True Fitness (STC) Pte. Ltd. (being a wholly-owned subsidiary directly held by True Fitness, collectively, the “**True Singapore Group**”) are principally engaged in operation of fitness and yoga centres, and provision of consultation services for fitness and health activities in Singapore. The direct sole shareholder of True Fitness and the Tenant is True Yoga Holdings (Singapore) Pte. Ltd. (“**True Yoga Holdings**”). Fester Global Limited (“**Fester Global**”) (being a wholly-owned subsidiary directly held by the Company) holds directly 73% shareholding in TFKT True Holdings which in turn indirectly holds 100% shareholding in True Yoga Holdings and the True Singapore Group. The True Singapore Group operated fitness and yoga centres under “True Fitness”, “Yoga Edition” and “TFX” brands in Singapore which have already closed under the CVL process.

The True Singapore Group recorded revenue and loss of approximately HK\$181.2 million and approximately HK\$34.3 million respectively for the year ended 31 December 2025. As at 31 December 2025, the True Singapore Group had total assets of approximately HK\$149.7 million, total liabilities of approximately HK\$555.5 million and net liabilities of approximately HK\$405.8 million.

Based on the unaudited management accounts of the True Singapore Group, (i) the True Singapore Group recorded revenue and loss for eight months ended 31 August 2026 of approximately HK\$118.4 million and approximately HK\$19.1 million respectively, and (ii) as at 31 August 2026, the True Singapore Group had total assets of approximately HK\$204.5 million, total liabilities of approximately HK\$633.8 million and net liabilities of approximately HK\$429.3 million. The debts and liabilities owed by the True Singapore Group were incurred by it in its ordinary course of business.

Reasons for the liquidation of True Fitness and the Tenant

Following the cessation of operation of franchise fitness business of the Group in Taiwan, which was the only region where the Group had franchise fitness business outside Singapore since 1 October 2025 as disclosed in the inside information announcement of the Company dated 30 September 2025, the fitness business of the Group remaining in Singapore has been increasingly challenging. As disclosed in the annual report of the Company for the financial year ended 31 December 2025 published on 23 April 2026, the fitness business of the Group in Singapore faces multiple challenges, including but not limited to the increasingly fierce market competition, and rising costs in attracting customers. As further disclosed in the profit warning announcement of the Company dated 17 August 2026, the announcement of the Company dated 28 August 2026 (the “**2026 Interim Results Announcement**”) in respect of its interim results for the six months ended 30 June 2026 (the “**1H 2026**”) and the 1H 2026 interim report of the Company published on 4 September 2026, in spite of the cash funding provided by the Company hoping to support the Singapore fitness business, the Group’s fitness business in Singapore continued to underperform and face significant liquidity pressure. The challenges faced by the True Singapore Group are unprecedented.

In particular, increasing popularity of boutique gyms has led to intensifying competition in fitness business industry. Further, more condominiums and residential developments provide gyms for their residents or guests reducing the need for some consumers to purchase an external gym membership. Moreover, competition extends beyond physical locations. Online training, mobile applications, video platforms and virtual coaching allow consumers to exercise at home or outdoors. As a result, fitness businesses are no longer competing with physical gyms in their local neighborhoods. They are competing with convenient and relatively inexpensive digital alternatives. All these factors present obstacle to attract customers, high operating costs and stringent cashflow. While the best endeavours have been made to control costs and optimise operational efficiency of the fitness business in Singapore, the fitness business is found extremely difficult to continue amid the fiercely challenging market. The Company was

informed by True Yoga Holdings, being the sole direct shareholder of True Fitness and the Tenant, that in view of the insolvency of the True Singapore Group, True Yoga Holdings will resolve to pass the resolution of shareholder of True Fitness and the Tenant relating to CVL affairs.

To the best belief of the Company based on the information available and advices obtained up to the Latest Practicable Date, the liquidation of True Fitness and the Tenant by way of CVL which is initiated by True Fitness and the Tenant would allow True Fitness and the Tenant to conduct structured, creditor-supervised liquidation process to wind down the business under the IRDA in Singapore. It can also allow the Company to deploy its resources in a more optimal way for the development of the pharmaceutical business of the Group for the interest of the Company and its shareholders as a whole in long run.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the Group's latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in manufacturing and sales of drugs in the PRC, including chemical drugs, active pharmaceutical ingredients (“API”) and API intermediate. Prior to the CVL, the Group also engaged in operating fitness centres and providing consultation services for fitness and health activities, and operating franchise business for royalty fee income.

Impact of the CVL on the fitness business segment

Upon the appointment of the provisional liquidators under the CVL taking effect, the provisional liquidators would assume control of the affairs, business and property of True Fitness and the Tenant (and, indirectly, of True Fitness (STC) Pte. Ltd. as a subsidiary of True Fitness), and the powers of the directors will cease. As of the Latest Practicable Date, the operation of the fitness and yoga centres has already ceased. The CVL will commence upon the passing of the special resolution at the extraordinary general meeting of each of True Fitness and the Tenant, following which the provisional liquidators are expected to be appointed as liquidators.

As a result of the loss of control over the True Singapore Group, the Company will cease to consolidate the results, assets and liabilities of the True Singapore Group in the financial statements of the Group with effect from the date on which control is lost, notwithstanding that the Company's indirect shareholding interest remains unchanged.

As a result of the True Singapore Group ceasing to be subsidiaries of the Company, the Group will record an impairment loss on intangible assets related to the Singapore fitness business for the amount of approximately HK\$76.9 million. Further,

based on the unaudited management accounts of the True Singapore Group as of 31 August 2026, the True Singapore Group owed to the Group the net amount of approximately HK\$309.7 million. The final amount of such indebtedness is subject to adjudication by the liquidators, and recovery will depend on the assets realised in the liquidation and the distribution of such realisations to creditors in accordance with the statutory order of priority under applicable laws and regulations of Singapore. Moreover, the Company has provided guarantee in favour of an independent bank in respect of loan lent by such bank to True Fitness. As of the date of this circular, the total sum due by True Fitness to such bank amounted to approximately S\$2.3 million.

Pharmaceutical business segment of the Group

The Group has been principally engaged in the manufacturing and sales of drugs in the PRC, including chemical drugs, API and API intermediate. The Group has been making proactive efforts to grow its pharmaceutical business particularly after covid pandemic while adverse impact had been posed on the fitness business. As illustrated in the 2026 Interim Results Announcement, the revenue generated from the pharmaceutical segment of the Group made up to approximately 76.7% of the total revenue of the Group recorded for 1H 2026 and the total assets of the pharmaceutical segment of the Group made up to approximately 78.5% of the total assets of the Group as at 30 June 2026.

Looking forward, the Company's strategic plan and development vision shall be expansion of the pharmaceutical business of the Group in long term. To the best knowledge of the Board based on the information available, the Group is the sole Hong Kong-listed pharmaceutical and healthcare industry operation platform under Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司) (“**Shanxi Construction**”), which is the controlling shareholder of the Company and in turn a company controlled by the State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government. Riding on this strategic position, the Company plans to expand its pharmaceutical business by focusing on three core businesses aspects: specialty pharmaceuticals (特色專科藥), high-barrier specialty active pharmaceutical ingredients (高壁壘特色原料藥) and collaboration with international pharmaceutical organizations through business supports that may be sought from Shanxi Construction, including exploring and conducting possible potential strategic investments, mergers and acquisitions and operations beneficial to the Group. The Company will proactively and agilely adapt to the economic environment so as to promote the development and expansion of its pharmaceutical businesses under the strategic direction of “technology oriented, scarce assets and high-quality operations (科技引領、稀缺資產、高質量運營)”.

The Group's principal subsidiaries engaging in pharmaceutical business are Tongfang Pharmaceutical (Beijing) Co., Ltd.* (桐方藥業(北京)有限公司) (formerly known as Tongfang Pharmaceutical Group Co., Ltd.* (同方藥業集團有限公司)) (“**Tongfang Pharmaceutical**”) and Chongqing Kangle Pharmaceutical Co., Ltd.* (重慶康樂製藥有限公司) (“**Chongqing Kangle**”), and their current business overviews are set out below:

1. **Tongfang Pharmaceutical:** Tongfang Pharmaceutical, a wholly-owned subsidiary of the Company, focuses on the specialty pharmaceutical sector and has all along been engaged in the research and development, production and sales of chemical generic drugs, with a particular emphasis on core products for gynaecology. It owns comprehensive production lines for multiple dosage forms, including creams, gels, tablets and powder. Tongfang Pharmaceutical holds exclusive drug approval licences in China for certain products, including Metronidazole Vaginal Gel (甲硝唑陰道凝膠), Palmatine Vaginal Gel (黃藤素陰道凝膠), Compound Lidocaine Cream (Topical Anaesthetic) (複方利多卡因乳膏(表皮麻醉用藥)), and Sedum Sarmentosum Dispersible Tablets (垂盆草分散片), rendering it the sole manufacturer nationwide holding these approvals. In addition, Tongfang Pharmaceutical holds a range of other product approvals, including Ketoconazole Cream (酮康唑乳膏), Kanggongyan Dispersible Tablets (抗宮炎分散片), Exemestane Tablets (依西美坦片), and Cephalosporin Antibiotics (頭孢類抗生素), covering a product portfolio that spans multiple fields such as gynaecology, topical anaesthesia, oncology, and hepatobiliary medicine. Tongfang Pharmaceutical supplied Compound Lidocaine Cream (複方利多卡因乳膏) to aid programmes run by overseas charitable organization, which is believed to be one of the examples reflecting the broader contribution of Chinese pharmaceutical companies to aid global public health.
2. **Chongqing Kangle:** Chongqing Kangle, a subsidiary of the Company in which the Company holds 59.42% equity interest, is principally engaged in the research and development, production and sales of API and pharmaceutical intermediates, with a focus on specialty APIs and manufacturing targeting international market. Chongqing Kangle holds international pharmaceutical access qualifications including WHO PQ, FDA, PMDA, EDQM and MFDS, which is believed to have laid a solid foundation for expanding the overseas markets of its core API products. Chongqing Kangle's products cover multiple therapeutic areas, including antimalarial, cardiovascular and anti-tumour drugs, with core products including Hydroxychloroquine Sulfate (硫酸羥氯喹) and Cilostazol (西洛他唑), and the Company has already been supplying these to the Japanese market on a long-term basis.

Leveraging the strategic position of the Group in pharmaceutical business, the Company will continue to monitor and evaluate business opportunities with a view to safeguarding the overall interests of the Company and its shareholders.

Save for the above, to the best knowledge, information available and the advices sought by the Group as of now, the Company believes that the CVL will have no other material adverse impact to the overall financial performance and operation of the existing business of the Group. In protecting the interest of the Company and its Shareholders, the Company would seek advices from Singapore legal advisers on the legal position of the Company in respect of the CVL where necessary.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations

As at the Latest Practicable Date, none of the Directors nor chief executives of the Company and their respective associate(s) had or was deemed to have any interests or short positions in the Shares or the underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provision of the SFO); or (ii) which were required, pursuant to Section 352 of the SFO, to be and were entered in the register required to be kept by the Company referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

(b) Substantial Shareholders who have an interest and/or short position which is disclosable under Divisions 2 and 3 of Part XV of the SFO

So far as is known to the Directors and chief executive of the Company, as at the Latest Practicable Date, the following Shareholders (other than Directors and chief executives of the Company) had, or were deemed or taken to have an interest or short position in the Shares and underlying Shares of the Company, which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial Shareholders	Capacity	Long position	
		Number of Shares interested	Approximate percentage of issued Shares
Waranty Hong Kong	Beneficial owner	3,172,778,000 ⁽¹⁾	56.77%

Name of substantial Shareholders	Capacity	Long position	
		Number of Shares interested	Approximate percentage of issued Shares
Shenzhen Waranty	Interest of a controlled corporation	3,172,778,000 ⁽²⁾	56.77%
Ningbo Free Trade Zone Sanjin Guotou Private Equity Fund Partnership Enterprise (Limited Partnership)* (寧波保稅區三晉國投股權投資基金合夥企業(有限合夥)) (“ Sanjin Guotou ”)	Interest of a controlled corporation	3,172,778,000 ⁽³⁾	56.77%
Shanxi Construction Investment Group Co., Ltd.* (山西建設投資集團有限公司) (“ Shanxi Construction ”)	Interest of a controlled corporation	3,172,778,000 ⁽⁴⁾	56.77%
Shanxi Province Expressway Group Limited Liability Company* (山西省高速公路集團有限責任公司) (“ Shanxi Expressway ”)	Interest of a controlled corporation	3,172,778,000 ⁽⁵⁾	56.77%
Shanxi Transportation Holdings Group Co., Ltd.* (山西交通控股集團有限公司) (“ Shanxi Transportation ”)	Interest of a controlled corporation	3,172,778,000 ⁽⁶⁾	56.77%
Shanxi State-owned Capital Operation Co., Ltd.* (山西省國有資本運營有限公司) (“ State-owned Capital Operation Co. ”)	Interest of a controlled corporation	3,172,778,000 ⁽⁷⁾	56.77%
State-owned Assets Supervision and Administration Commission of Shan Xi Provincial Government (山西省人民政府國有資產監督管理委員會) (“ Shanxi Government Commission ”)	Interest of a controlled corporation	3,172,778,000 ⁽⁸⁾	56.77%
THTF Energy-Saving Holdings Limited* (清華同方節能控股有限公司) (“ THTF Energy-Saving ”)	Beneficial owner	513,994,000 ⁽⁹⁾	9.20%

Name of substantial Shareholders	Capacity	Long position	
		Number of Shares interested	Approximate percentage of issued Shares
Resuccess Investments Limited (“Resuccess”)	Interest of a controlled corporation	513,994,000 ⁽¹⁰⁾	9.20%
Tsinghua Tongfang Co., Ltd.* (同方股份有限公司) (“Tsinghua Tongfang”)	Interest of a controlled corporation	513,994,000 ⁽¹¹⁾	9.20%

Notes:

- (1) The figure refers to the legal and beneficial interests of Waranty Hong Kong in 3,172,778,000 Shares.
- (2) Shenzhen Waranty owns 100% interest in the issued share capital of Waranty Hong Kong and is therefore deemed to have an interest in the Shares in which Waranty Hong Kong is interested. The figure refers to the same interests of Waranty Hong Kong in the Shares under the SFO.
- (3) Sanjin Guotou owns 45.50% interests in the registered capital of Shenzhen Waranty and is therefore deemed to have an interest in the Shares in which Shenzhen Waranty is interested. The figure refers to the same interests of Waranty Hong Kong in the Shares under the SFO.
- (4) Shanxi Construction owns 46.38% interests in the registered capital of Sanjin Guotou and 46.40% interests in the registered capital of Shenzhen Waranty respectively and is therefore deemed to have, including via Sanjin Guotou, an interest in the Shares in which Shenzhen Waranty is interested. The figure refers to the same interests of Waranty Hong Kong in the Shares under the SFO.
- (5) Shanxi Expressway owns 46.38% interests in the registered capital of Sanji Guotou and is therefore deemed to have an interest in the Shares in which Sanjin Guotou is interested. The figure refers to the same interests of Waranty Hong Kong in the Shares under the SFO.
- (6) Shanxi Transportation owns 100% interests in the registered capital of Shanxi Expressway and is therefore deemed to have an interest in the Shares in which Shanxi Expressway is interested. The figure refers to the same interests of Waranty Hong Kong in the Shares under the SFO.
- (7) State-owned Capital Operation Co. owns 37.56% interests in the registered capital of Shanxi Construction and is therefore deemed to have an interest in the Shares in which Shanxi Construction is interested. The figure refers to the same interests of Waranty Hong Kong in the Shares under the SFO.

- (8) Shanxi Government Commission owns 100% interests in the registered capital of State-owned Capital Operation Co., 90% interests in the registered capital of Shanxi Transportation and 52.44% interests in the registered capital of Shanxi Construction respectively. Shanxi Government Commission is therefore deemed to have, via State-owned Capital Operation Co., Shanxi Construction and Shanxi Transportation, an interest in the Shares in which Shenzhen Waranty is interested. The figure refers to the same interests of Waranty Hong Kong in the Shares under the SFO.
- (9) The figure refers to the legal and beneficial interest of THTF Energy-Saving in 513,994,000 Shares.
- (10) Resuccess owns 100% interests in the issued share capital of THTF Energy-Saving and is therefore deemed to have an interest in the Shares in which THTF Energy-Saving is interested. The figure refers to the same interests of THTF Energy-Saving in the Shares under the SFO.
- (11) Tsinghua Tongfang, through its wholly-owned subsidiary, namely Resuccess, owns 100% interests in the issued share capital of THTF Energy-Saving and is therefore deemed to have an interest in the Shares in which THTF Energy-Saving is interested. The figure refers to the same interests of THTF Energy-Saving in the Shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors or chief executives of the Company or their respective associate(s)) who had, or was deemed or taken to have, an interest or short position in the Shares and underlying Shares of the Company which are required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

As at the Latest Practicable Date, (i) Mr. Wang Limin, our executive Director and chairman of the Board, is also deputy general manager of Shanxi Construction, the chairman and secretary of the Communist Party Committee of Shenzhen Waranty; (ii) Mr. Li Qingshan, our executive Director and president of the Group, is also the Communist Party Committee member of Shenzhen Waranty; and (iii) Mr. Ge Shouwen, our executive Director and vice President of the Group, is also director of Waranty Hong Kong. As disclosed above, each of Shanxi Construction and Shenzhen Waranty has an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' INTERESTS

(a) Interests in contract or arrangement

As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which was significant in relation to the business of the Group.

(b) Interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

(c) Interests in competing business

As at the Latest Practicable Date, none of the Directors (not being the independent non-executive directors) or their respective close associates had an interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries which is not expiring or determinable by the Company or any of its subsidiaries within one year without payment (other than statutory compensation).

5. MATERIAL CONTRACTS

Save for the construction contract dated 18 August 2025 entered into between Tongfang Pharmaceutical (Beijing) Co., Ltd.* (桐方藥業(北京)有限公司) (formerly known as Tongfang Pharmaceutical Group Co., Ltd.* (同方藥業集團有限公司)) and Beijing Qingkong Zhongchuang Construction Co., Ltd.* (北京清控中創工程建設有限公司) in respect of 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 Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within the two years immediately preceding and including the Latest Practicable Date.

6. LITIGATION

- (a) On 13 August 2019, the Company was served a Writ filed by the Plaintiffs against the Company and Fester Global, a wholly-owned subsidiary of the Company, as the defendants under 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 True Cayman pursuant to the 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 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 diligently 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 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 as at 31 July 2026.

- (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 was served on 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 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 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 as at 31 July 2026.

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. The dates of trial have not been fixed up to the Latest Practicable Date. 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.

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 Trident Capital Advisors (formerly known as Quantum International) have been appointed as the PTIBs. The PTIBs are in the progress to investigate Mr. PJW's assets, including the shares he holds in Active Gains, a BVI incorporated company, and to seek formal recognition of the Singapore bankruptcy order in both Hong Kong and the BVI.

- (c) On 29 April 2024, the Company received from the offshore registered agents the 2024 Cayman Petition dated 25 April 2024 presented by Active Gains (as petitioner) against True Cayman to 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 in 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 as at 31 July 2026.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors are aware, none of the member of the Group was engaged in any litigation or claims of material importance and no litigation or claim of material importance was pending or threatened against any member of the Group.

7. GENERAL

The registered office of the Company is situated at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The head office and principal place of business of the Company is situated at Rooms 12A15–12A20, 12A/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

The principal share registrar of the Company is Ocorian Trust (Cayman) Limited at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The company secretary of the Company is Ms. Chan Lok Tung, who is an associate member of both The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators).

The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on both the Stock Exchange's website (<http://www.hkexnews.hk>) and the Company's website (<http://www.kontafarma.com.hk>) for a period of 14 days from the date of this circular (both days inclusive):

- (i) the New Lease; and
- (ii) this circular.