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華控康泰集團有限公司

Kontafarma China Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1312)

INSIDE INFORMATION

WINDING UP PETITION AGAINST A NON-WHOLLY OWNED SUBSIDIARY OF THE COMPANY

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of Kontafarma China Holdings Limited (the “**Company**”) pursuant to Rule 13.09 and Rule 13.25 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

PREVIOUS ANNOUNCEMENTS REGARDING LEGAL PROCEEDINGS OR CORPORATE ACTION INVOLVING TFKT TRUE HOLDINGS

Reference is made to:

- (i) the announcement of the Company dated 14 August 2019 regarding the legal proceedings instituted by Active Gains Universal Limited (“**Active Gains**”) and Mr. Patrick John Wee Ewe Seng (“**Mr. PJW**”, the controller of Active Gains) against the Company and Fester Global Limited (being a direct wholly-owned subsidiary of the Company) (“**Fester Global**”) at the Hong Kong High Court (High Court Action No. 1469/2019) (“**2019 HK Legal Proceedings**”) under which Active Gains and Mr. PJW claimed for, amongst others, the payment of balance of purchase price from Fester Global (as purchaser) and the Company (as purchaser’s guarantor) for acquisition by Fester Global of majority shareholding in TFKT True Holdings (“**True Cayman**”) from Active Gains pursuant to the sale and purchase agreement dated 6 May 2017 signed among the aforesaid parties (the “**2017 SPA**”) and the declaration that the relevant profit guarantees given by Active Gains and Mr. PJW in favour of the Company and Fester Global in respect of True Cayman under the 2017 SPA had been met or ceased to have effect;

- (ii) the announcement of the Company dated 1 February 2021 regarding the enforcement of share charge by Fester Global over certain shares of True Cayman then held by Active Gains as a result of failure of Active Gains to compensate Fester Global in respect of shortfall in the guaranteed profits under the 2017 SPA; and
- (iii) the announcement of the Company dated 25 March 2022 regarding the service of writ on Active Gains and Mr. PJW outside Hong Kong pursuant to the leave granted by the High Court of Hong Kong for serving the writ out of jurisdiction of Hong Kong in relation to the legal action instituted by Fester Global against Mr. PJW and Active Gains at the Hong Kong High Court (High Court Action No. 1942/2021) (“**2021 HK Legal Proceedings**”) under which Fester Global claimed for, amongst others, specific performance by Mr. PJW and Active Gains of compensating Fester Global in cash for such sum representing the shortfall in the guaranteed profits calculated according to the 2017 SPA, and/or further or alternatively, damages in respect of breaches of Mr. PJW and Active Gains of the 2017 SPA.

As at the date of this announcement, True Cayman (being a company incorporated in the Cayman Island) is directly held by Fester Global and Active Gains as to 73% and 27% respectively. Since the acquisition of majority shareholding in True Cayman by Fester Global in 2017, True Cayman and its subsidiaries have been principally engaged in the fitness business including operation of fitness centers and provision of consultation services for fitness and health activities in Singapore. Details of the 2017 SPA and the transactions contemplated thereunder were disclosed in the announcements and circular of the Company respectively dated 6 May, 29 May and 28 July 2017.

Up to the date of this announcement, neither the 2019 HK Legal Proceedings and 2021 HK Legal Proceedings have been set down for trial.

THE PETITION

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 Group denies the allegations in the 2024 Cayman Petition and will defend the 2024 Cayman Petition. The Group is now seeking legal advice and will provide updates as appropriate.

BUSINESS PERFORMANCE OF FITNESS BUSINESS OF THE GROUP IN SINGAPORE

The Group has been making tremendous efforts to sustain and develop the fitness business in Singapore even under the extremely challenging time during COVID-19 pandemic. As disclosed in the annual report of the Company for the financial year ended 31 December 2023, the Group's fitness business in Singapore has gradually recovered from the impact of the COVID-19 pandemic and has significantly improved in 2023 by recording increase in revenue in 2023 by approximately 22% to HK\$162.8 million when compared to 2022. The 2019 HK Legal Proceedings, the 2021 HK Legal Proceedings and the 2024 Cayman Petition arose from the disputes between the shareholders of True Cayman (being the investment holding company principally holding the fitness business of the Group in Singapore) and up to now, the ordinary course of the fitness business has not been materially affected in adverse manner due to such legal proceedings and petition. The Group intends to vigorously take appropriate actions and/or defend against Active Gains's allegations for the interest of the Company and its shareholders.

The Company will continue to monitor the development of the abovementioned legal proceedings and petition and will make further announcement(s) to keep its shareholders and investors informed of any material development as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board of
Kontafarma China Holdings Limited
Bai Pingyan
Chairman

Hong Kong, 30 April 2024

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Bai Pingyan (Chairman), Mr. Chai Hongjie and Mr. Jiang Chaowen (Chief Executive Officer); one non-executive Director, namely Mr. Huang Yu; and three independent non-executive Directors, namely Mr. Chan Sze Chung, Mr. Zhang Ruibin and Mr. Zhang Junxi Jack.