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KINGWORLD MEDICINES GROUP LIMITED
金活醫藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 01110)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF SHARES IN TAIKO PHARMACEUTICAL CO., LTD.

THE SUBSCRIPTION

On 24 April 2023, Kingworld Medicines, a wholly-owned subsidiary of the Company, placed the Order with the Placing Agent, pursuant to which Kingworld Medicines agreed to subscribe for 2,178,400 Taiko Shares (representing approximately 4.68% of the enlarged issued share capital of Taiko Pharmaceutical taking into account of the Taiko Shares to be issued pursuant to the Subscription upon Completion) at a consideration of JPY382 (equivalent to approximately HK\$22.23) per Taiko Share and the total consideration shall be JPY832,148,800 (equivalent to approximately HK\$48,431,060).

IMPLICATIONS UNDER THE LISTING RULES

Since the applicable percentage ratio(s) in relation to the Subscription exceeds 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company, and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

A. THE SUBSCRIPTION

On 24 April 2023, Kingworld Medicines, a wholly-owned subsidiary of the Company, placed the Order with the Placing Agent, pursuant to which Kingworld Medicines agreed to subscribe for 2,178,400 Taiko Shares (representing approximately 4.68% of the enlarged issued share capital of Taiko Pharmaceutical taking into account of the Taiko Shares to be issued pursuant to the Subscription upon Completion) at a consideration of JPY382 (equivalent to approximately HK\$22.23) per Taiko Share and the total consideration shall be JPY832,148,800 (equivalent to approximately HK\$48,431,060).

Pursuant to the Order, the total consideration for the Subscription shall be paid and settled by the Group on 26 April 2023.

The Group will fund the total consideration for the Subscription from its internal resources.

The consideration of the Subscription is determined with reference to the morning closing price of the Taiko Shares at the Tokyo Stock Exchange on 24 April 2023. The morning closing price of the Taiko Shares at the Tokyo Stock Exchange on 24 April 2023 is JPY386 (equivalent to approximately HK\$22.47) per Taiko Share.

B. COMPLETION OF THE SUBSCRIPTION

The Completion is expected to take place on 26 April 2023.

The 2,178,400 Taiko Shares to be subscribed by Kingworld Medicines represent approximately 4.68% of the enlarged issued share capital of Taiko Pharmaceutical taking into account of the Taiko Shares to be issued pursuant to the Subscription upon Completion. Upon Completion, the financial results of Taiko Pharmaceutical will not be consolidated into the accounts of the Group.

C. INFORMATION ON TAIKO PHARMACEUTICAL AND THE PLACING AGENT

Taiko Pharmaceutical

Taiko Pharmaceutical is a company incorporated in Japan, the shares of which are listed on the Tokyo Stock Exchange (stock code: 4574). Based on the publicly available information, Taiko Pharmaceutical and its subsidiaries are principally engaged in the manufacturing and sales of (i) general pharmaceuticals and external pharmaceutical products; (ii) infection control products; and (iii) wood vinegar-based products.

Based on the audited consolidated financial statements of Taiko Pharmaceutical as disclosed by Taiko Pharmaceutical on the Tokyo Stock Exchange, the net loss before and after taxation for the years ended 31 December 2021 and 2022 and the net assets of Taiko Pharmaceutical as at 31 December 2021 and 31 December 2022 are as follows:

	For the year ended 31 December	
	2021	2022
	JPY (million)	JPY (million)
Net loss before tax	(8,887)	(4,869)
Net loss after tax	(9,594)	(4,895)
	As at 31 December	
	2021	2022
	JPY (million)	JPY (million)
Net assets	12,807	8,044

The Placing Agent

Based on the publicly available information, the Placing Agent is a company incorporated in Japan with limited liability and its principal activities are providing individual investors and corporate clients with securities and investment banking services, including investment advisory services and securities underwriting.

To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, Taiko Pharmaceutical, the Placing Agent and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

D. REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is principally engaged in (i) distribution sale of branded imported pharmaceutical and healthcare products; and (ii) manufacturing and sales of electrotherapeutic, physiotherapeutic devices and general medical examination devices in the PRC and Hong Kong. The Group is one of the indirect customers of Taiko Pharmaceutical. The distribution of the Taiko Seriogan (喇叭牌正露丸), one of the pharmaceutical products manufactured by Taiko Pharmaceutical, has been one of the key businesses of the Group.

Having considered the business prospects of Taiko Pharmaceutical and that Taiko Pharmaceutical is one of the major upstream suppliers of the Group, the Directors believe that the Subscription strengthens the business relationship between the Group and Taiko Pharmaceutical.

In light of the above factors, the Directors (including the independent non-executive Directors) consider that the terms of the Subscription are fair and reasonable and the Subscription is in the interests of the Company and its Shareholders as a whole.

E. IMPLICATIONS UNDER THE LISTING RULES

Since the applicable percentage ratio(s) in relation to the Subscription exceeds 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company, and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

F. INFORMATION ON THE GROUP AND KINGWORLD MEDICINES

The Group is principally engaged in (i) distribution sale of branded imported pharmaceutical and healthcare products; and (ii) manufacturing and sales of electrotherapeutic, physiotherapeutic devices and general medical examination devices in the PRC and Hong Kong.

Kingworld Medicines, a wholly-owned subsidiary of the Company, is an investment holding company incorporated in the British Virgin Islands with limited liability.

G. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of directors of the Company
“Company”	Kingworld Medicines Group Limited (金活醫藥集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscription pursuant to the Order

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JPY”	Japanese Yen, the lawful currency of Japan
“Kingworld Medicines”	Kingworld Medicines Health Management Limited (金活醫藥健康管理有限公司), a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Order”	the formal order placed by Kingworld Medicines to subscribe for Taiko Shares on 24 April 2023 through the Placing Agent in relation to the Subscription
“Placing Agent”	Nomura Securities Co., Ltd., a company incorporated in Japan with limited liability
“PRC”	the People’s Republic of China
“Shareholders”	the holders of the shares of the Company
“Subscription”	the subscription of 2,178,400 Taiko Shares by Kingworld Medicines pursuant to the Order
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Taiko Pharmaceutical”	Taiko Pharmaceutical Co., Ltd., a company incorporated in Japan with limited liability, the shares of which are listed on the Tokyo Stock Exchange (stock code: 4574)

“Taiko Shares”

the ordinary shares of Taiko Pharmaceutical

“%”

per cent

For the purpose of this announcement, unless otherwise stated, translations of JPY into Hong Kong dollars or vice versa have been calculated by using an exchange rate of JPY1 equal to HK\$0.0582. The exchange rate adopted in this announcement is for illustration purpose only. Such conversion should not be construed as a representation that the currency could actually be converted at that rate.

By order of the Board
Kingworld Medicines Group Limited
Zhao Li Sheng
Chairman

Hong Kong, 24 April 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Zhao Li Sheng, Ms. Chan Lok San and Mr. Zhou Xuhua, and three independent non-executive Directors, namely Mr. Duan Jidong, Mr. Zhang Jianbin and Mr. Wong Cheuk Lam.