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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**  
**FURTHER SUBSCRIPTION OF SHARES**  
**IN TAIKO PHARMACEUTICAL CO., LTD.**

**THE SUBSCRIPTION**

Reference is made to the announcement of the Company dated 24 April 2023 in relation to the Previous Subscription.

On 15 August 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 an additional 1,007,500 Taiko Shares (representing approximately 2.08% of the issued share capital of Taiko Pharmaceutical as at the date of this announcement excluding the Taiko Shares to be issued by Taiko Pharmaceutical pursuant to the Subscription upon Completion) at a consideration of JPY338.58 (equivalent to approximately HK\$18.35) per Taiko Share and the total consideration shall be JPY341,119,350 (equivalent to approximately HK\$18,488,669).

As at the date of this announcement, the Company holds 2,178,400 Taiko Shares, representing approximately 4.49% the issued share capital of Taiko Pharmaceutical as at the date of this announcement (excluding the Taiko Shares to be issued by Taiko Pharmaceutical pursuant to the Subscription upon Completion).

Upon Completion, when aggregated with the Previous Subscription Shares, the Company will hold a total of 3,185,900 Taiko Shares, representing approximately 6.42% 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.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the Subscription and the Previous Subscription are related and are expected to complete within a 12-month period, the Subscription and the Previous Subscription are aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction. Since the applicable percentage ratio(s) in relation to the Subscription, when aggregated with the Previous 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**

Reference is made to the announcement of the Company dated 24 April 2023 in relation to the Previous Subscription.

On 15 August 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 an additional 1,007,500 Taiko Shares (representing approximately 2.08% of the issued share capital of Taiko Pharmaceutical as at the date of this announcement excluding the Taiko Shares to be issued by Taiko Pharmaceutical pursuant to the Subscription upon Completion) at a consideration of JPY338.58 (equivalent to approximately HK\$18.35) per Taiko Share and the total consideration shall be JPY341,119,350 (equivalent to approximately HK\$18,488,669).

As at the date of this announcement, the Company holds 2,178,400 Taiko Shares, representing approximately 4.49% of the issued share capital of Taiko Pharmaceutical as at the date of this announcement (excluding the Taiko Shares to be issued by Taiko Pharmaceutical pursuant to the Subscription upon Completion). For details of the Previous Subscription, please refer to the announcement of the Company dated 24 April 2023.

Pursuant to the Order, the total consideration for the Subscription shall be paid and settled by the Group on 17 August 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 15 August 2023. The morning closing price of the Taiko Shares at the Tokyo Stock Exchange on 15 August 2023 is JPY342 (equivalent to approximately HK\$18.54) per Taiko Share.

### **B. COMPLETION OF THE SUBSCRIPTION**

The Completion is expected to take place on 17 August 2023.

The 1,007,500 Taiko Shares to be subscribed by Kingworld Medicines represent approximately 2.03% 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, when aggregated with the Previous Subscription Shares, the Company will hold a total of 3,185,900 Taiko Shares, representing approximately 6.42% 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
	<i>JPY (million)</i>	<i>JPY (million)</i>
Net loss before tax	(8,887)	(4,869)
Net loss after tax	(9,594)	(4,895)

	As at 31 December	
	2021	2022
	<i>JPY (million)</i>	<i>JPY (million)</i>
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 Seriogon (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 further 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**

As the Subscription and the Previous Subscription are related and are expected to complete within a 12-month period, the Subscription and the Previous Subscription are aggregated pursuant to Rule 14.22 of the Listing Rules as if they were one transaction. Since the applicable percentage ratio(s) in relation to the Subscription, when aggregated with the Previous 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 15 August 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
“Previous Subscription”	the subscription of the Previous Subscription Shares in Taiko Pharmaceutical by Kingworld Medicines pursuant to a formal order placed by Kingworld Medicines on 24 April 2023. Details of which are set out in the announcement of the Company dated 24 April 2023
“Previous Subscription Shares”	2,178,400 Taiko Shares subscribed by Kingworld Medicines under the Previous Subscription
“Shareholders”	the holders of the shares of the Company
“Subscription”	the subscription of 1,007,500 Taiko Shares by Kingworld Medicine 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\$0.0542. 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, 15 August 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.*