

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

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.



Modern Chinese Medicine Group Co., Ltd.

現代中藥集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1643)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 8 April 2025 (after trading hours), the Company, as the issuer, entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 120,000,000 Subscription Shares at the Subscription Price of HK\$0.27 per Subscription Share for cash of HK\$32,400,000.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the date of the Completion, the Subscription Shares under the Subscription Agreement represent (i) 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares under the Subscription Agreement.

The Subscription Price of HK\$0.27 per Subscription Share represents (i) a premium of approximately 3.85% to the closing price of HK\$0.260 per Share as quoted on the Stock Exchange on 8 April 2025, i.e. the date of the Subscription Agreement; and (ii) a discount of approximately 19.16% of the average closing price of HK\$0.334 per Share as quoted on the Stock Exchange for the five consecutive trading days of Shares immediately preceding the date of the Subscription Agreement.

Assuming that the Subscription Shares are fully subscribed, the gross proceeds from the Subscription are expected to be HK\$32,400,000. The net proceeds of the Subscription is also HK\$32,400,000, representing a net price of HK\$0.27 per Subscription Share. The Company intends to apply the net proceeds as future investment and business development of the Group.

Shareholders and prospective investors should be reminded that the Completion of the Subscription is subject to the satisfaction of the conditions as set out in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

On 8 April 2025 (after trading hours), the Company, as the issuer, entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 120,000,000 Subscription Shares at the Subscription Price of HK\$0.27 per Subscription Share. The Subscription is subject to the conditions set out under the section headed “Conditions Precedent”.

SUBSCRIPTION AGREEMENT

Subscription Agreement

- Date : 8 April 2025
- Parties : (1) the Company as issuer; and
(2) the Subscriber as subscriber
- Number of Subscription Shares subscribed by the Subscriber : 120,000,000 Subscription Shares, which represent:
- (i) 20% of the existing issued share capital of the Company as at the date of this announcement; and
 - (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares (assuming that there are no other changes in the share capital of the Company between the date of the Subscription Agreement and the date of the Completion).

SUBSCRIPTION PRICE

The Subscription Price of HK\$0.27 per Subscription Share represents:

- (i) a premium of approximately 3.85% to the closing price of HK\$0.260 as quoted on the Stock Exchange on the date of this announcement; and
- (ii) a discount of approximately 19.16% to the average closing price of HK\$0.334 per Share as quoted on the Stock Exchange for the five consecutive trading days of Shares immediately preceding the date of the Subscription Agreement.

The Subscription Price of HK\$0.27 was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent market prices of the Shares and current market conditions.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement (including the Subscription Price) were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RANKING OF THE SUBSCRIPTION SHARES

The Subscription Shares will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

GENERAL MANDATE

The allotment and issue of the Subscription Shares will not be subject to the approval of the Shareholders and the Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to issue is 120,000,000 Shares, representing 20% of the total number of Shares in issue as at the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company under the General Mandate, the General Mandate is sufficient for the allotment and issue of the Subscription Shares. The Subscription Shares shall utilise 100% of the General Mandate.

CONDITIONS PRECEDENT

The Subscription is conditional upon:

- (i) the Listing Committee having granted the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange;
- (ii) all necessary and relevant approvals and consents in relation to the Subscription having been obtained by the Company and the Subscriber; and

- (iii) the representations and warranties of the Company under the Subscription Agreement being true, accurate and not misleading in all material respects as at the date of the Subscription Agreement and the date of the Completion.

An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Subscription Shares.

Completion

Completion of the Subscription is expected to take place at 4:00 p.m. on the Second Business Day after all the conditions precedent having been fulfilled (or such later date or time as the parties to the relevant Subscription Agreement may agree in writing).

EFFECTS ON SHAREHOLDING STRUCTURE

The following is a table illustrating the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) between the date of this announcement and the date of the Completion:

	As at the date of this announcement		Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>Approx. % of shareholding</i>	<i>Number of Shares</i>	<i>Approx. % of shareholding</i>
Modern Biotechnology Group Holdings Co., Ltd (<i>Note</i>)	402,000,000	67.0	402,000,000	55.8
the Subscriber	—	—	120,000,000	16.7
Public shareholders	<u>198,000,000</u>	<u>33.0</u>	<u>198,000,000</u>	<u>27.5</u>
Total	<u><u>600,000,000</u></u>	<u><u>100</u></u>	<u><u>720,000,000</u></u>	<u><u>100</u></u>

Note:

Modern Biotechnology Group Holdings Co., Ltd (現代生物科技集團控股有限公司) (“**Modern Biotechnology**”) is a company incorporated in the British Virgin Islands. The entire issued share capital of Modern Biotechnology is owned by Ms. Sun Xinlei, the Chairlady and an executive Director, Ms. Sun is therefore deemed to be interested in all the Shares held by Modern Biotechnology under the SFO.

INFORMATION ON THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the production of proprietary Chinese medicine in the PRC.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands whose principal business is investment in high-quality assets with a global vision. The ultimate beneficial owner of the Subscriber is Ms. Chen Xiaoyan, the spouse of Mr. Jin Dongtao, who has been an investor in multiply companies and possesses extensive capital resources and investment experience. Each of Ms. Chen and Mr. Jin was once a shareholder of Chengde Yushi. Save as disclosed herein, each of the Subscriber and its ultimate beneficial owner is an Independent Third Party.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

Assuming that all the Subscription Shares are fully subscribed, the gross proceeds from the Subscription are expected to be HK\$32,400,000. The net proceeds from the Subscription is also HK\$32,400,000, representing a net price of HK\$0.27 per Subscription Share. The Company intends to apply such net proceeds for future investment and business development. Approximately 50% of the net proceeds will be used for new business opportunities relating to Chinese medicine, including investment in Chinese medicine manufacturer; and (ii) approximately 50% of the net proceeds will be used for providing additional funding for the continuous enhancement of the research and development capabilities.

The Directors consider that the net proceeds of the Subscription will also increase the Group's liquidity as well as broaden the shareholder base and capital base of the Company. The investment in the Company by the Subscriber was driven by the recent favourable policies from the PRC government in support of the development of traditional Chinese medicine.

Accordingly, the Directors consider that the terms of the Subscription Agreements (including the Subscription Price) are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

EQUITY FUNDRAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund-raising activities during the past twelve (12) months immediately preceding the date of this announcement.

WARNING

Shareholders and prospective investors should be reminded that the Completion of the Subscription is subject to the satisfaction of the conditions as set out in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and prospective investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 30 May 2024
“Board”	the board of Directors
“Business Day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Chengde Yushi”	Chengde Yushi Jindan Pharmaceutical Co., Ltd. (承德御室金丹藥業有限公司), a company established in the PRC and controlled by the Company through a series of contractual arrangements
“Company”	Modern Chinese Medicine Group Co., Ltd. 現代中藥集團有限公司, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1643)
“Completion”	completion of the Subscription in accordance with the terms and conditions of the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Third Party”	third party independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined under the Listing Rules)
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Universal Health (Global) Investment Fund Management Limited, a company incorporated in the British Virgin Islands
“Subscription”	the subscription of 120,000,000 Subscription Shares by the Subscriber
“Subscription Agreement”	the subscription agreement dated 8 April 2025 entered into between the Company and the Subscriber for the Subscription
“Subscription Price”	HK\$0.27 per Subscription Price
“Subscription Shares”	A total of 120,000,000 Shares subscribed by the Subscriber under the Subscription Agreement, and “Subscription Share” shall refer to any of them
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission
“%”	per cent

By order of the Board
Modern Chinese Medicine Group Co., Ltd.
Zhang Hongli
Executive Director

Hong Kong, 8 April 2025

As at the date of this announcement, the Board comprises three executive Directors, namely Ms. Sun Xinlei, Ms. Zhang Hongli and Ms. Jia Yanru; and three independent non-executive Directors, namely Ms. Liu Ling, Mr. Leung Tsz Wing and Mr. Wong Chi Kin.