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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)

PROFIT WARNING

This announcement is made by Modern Chinese Medicine Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Directors**” and the “**Board**”, respectively) wishes to inform the shareholders of the Company (the “**Shareholders**”) and the potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2023 (the “**Year**”) and the information currently available to the Board, it is expected that the Group would record a net profit in a sum ranging from RMB46.0 million to RMB51.0 million for the Year, which represents a decrease of approximately 42% to 48% compared to approximately RMB87.8 million for the year ended 31 December 2022. To the best knowledge of the Directors, the decrease in net profit was mainly attributable to 1) the decrease in the number of orders from distributors due to the change in government policy; and 2) the increase in procurement costs. Despite the aforesaid, the Board does not expect to have a significant adverse impact on the Group’s overall operations and cash flows. As at the date of this announcement, the Group has sufficient cash on hand to meet its current business needs.

The information contained in this announcement is prepared only based on (i) the Board’s preliminary assessment of the consolidated management accounts of the Group for the Year, which have neither been audited or reviewed by the independent auditors of the Company (the “**Independent Auditors**”) nor reviewed by the audit committee of the Company (the “**Audit Committee**”); and (ii) the information currently available to the Board, which is subject to change and finalisation. Shareholders and potential investors are advised to read carefully the annual results announcement of the Group for the Year, which is expected to be published at or before the end of March 2024.

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

For and on behalf of
Modern Chinese Medicine Group Co., Ltd.
Zhang Hongli
Executive Director

Hong Kong, 12 March 2024

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