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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)

VOLUNTARY ANNOUNCEMENT IN RELATION TO CONTRACTUAL ARRANGEMENTS

This announcement is made by Modern Chinese Medicine Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis for the purpose of keeping its shareholders and potential investors informed of the latest business development of the Group.

As disclosed in the Company’s prospectus issued on 31 December 2020 (the “**Prospectus**”), the Company will unwind the Contractual Arrangements (as defined in the Prospectus) and directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations if such business is allowed.

Pursuant to the “Catalogue of Restricted Foreign Investment Industries (2024 version)” issued by the National Development and Reform Commission on 8 September 2024 (the “**2024 Catalogue**”) which, compared with the 2021 catalogue, has fully lifted the restrictions on foreign investments in the manufacturing sector, including the application of steaming, frying, moxibustion, calcination, and other processing techniques of traditional Chinese medicine decoction pieces, as well as the production of confidential prescription products of proprietary Chinese medicines (i.e. 中藥飲片的蒸、炒、炙、燉等炮製技術的應用及中成藥保密處方產品的生產).

By virtue of the 2024 Catalogue, the Company is prepared to report to the relevant departments and authorities at provincial level, municipal level (where Shijiazhuang Pharmaceutical Research is located) and county level (where Chengde Yushi Jindan Pharmaceutical Co., Ltd.* (承德御室金丹藥業有限公司) is located).

It is expected that the abovementioned reporting will be completed in or about second half of 2026. Upon completion, the Contractual Arrangements will be unwound.

The Company will make the necessary disclosure for the compliance with the requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and HKEX Guidance Letter GL77-14 in relation to the unwinding in due course.

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

Hong Kong, 31 December 2024

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.