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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)

ESTIMATE FOR ANNUAL RESULTS OF 2020

This announcement is made by Kingworld Medicines Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the year ended 31 December 2020 (the “**Year**”) and the information currently available to the Board, the Group is expected to record a decrease in the profit attributable to owners of the Company by approximately 70% to 75% for the Year as compared to RMB43.4 million for the year ended 31 December 2019 (the “**Previous Year**”).

The Board considers that the decrease in the profit attributable to owners of the Company was mainly due to the following factors:

- (i) As affected by the novel coronavirus (COVID-19) pandemic, the number of travellers to Hong Kong dropped drastically, along with the weakening consumption sentiments in Hong Kong, the total revenue generated from the Culturelle probiotics product series (康萃樂益生菌產品系列) of the Group in Hong Kong and Macau markets decreased by approximately 70% to 75% for the Year as compared with the corresponding period in the Previous Year; and
- (ii) The increase in the administrative expenses of the Group by approximately 35% to 40% for the Year as compared to RMB107.4 million for the Previous Year mainly due to the increase in provision for obsolete inventories as a result of the decrease in the sale of Culturelle probiotics product series of the Group for the Year.

The Board would also wish to inform that for the Year, (i) the Company's non-wholly owned subsidiary, Shenzhen Dong Di Xin Technology Company Limited* (深圳市東迪欣科技有限公司) (“**Dong Di Xin**”); and (ii) the Group's investment projects including its 15% equity interest investment in Dong Hua Tong Investments Limited (東華通投資有限公司) (“**Dong Hua Tong**”) generated profit to the Group. Dong Di Xin is a medical devices manufacturer produces various medical devices including infrared thermometers and has obtained various certifications and licences for the medical devices it manufactures. Dong Hua Tong is principally engaged in the indirect investment in Miquel Alimentació (米蓋爾公司*) (a Spanish company engaged in food distribution, wholesale and supply chain management) and Manassen Foods Australia (澳大利亞瑪納森食品公司*) (a major food company).

As a result of the foregoing, the Group is expected to record an increase in profit for the year of the Group by approximately 1% to 5% for the Year as compared to RMB50.3 million for the Previous Year.

The information contained in this announcement is based on a preliminary assessment made by the management of the Company on the unaudited management accounts for the Year and information currently available. The information in this announcement has not been reviewed or audited by the auditors of the Company. The actual results of the Group for the Year are subject to adjustment and may differ from the information disclosed herein. Shareholders and investors are advised to read carefully the audited annual results announcement of the Group for the Year, which is expected to be published by the Company on 31 March 2021.

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

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

Hong Kong, 22 March 2021

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

* *For identification purposes only*