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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)

Inside Information Update on Litigation

References are made to the paragraph headed “Litigation” in the annual report of Kingworld Medicines Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2015 dated 30 March 2016 (the “**2015 Annual Report**”) and the paragraph headed “Contingent liabilities, legal and potential proceedings” in the interim report of the Company for the six months ended 30 June 2016 dated 26 August 2016 (the “**2016 Interim Report**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the 2016 Annual Report and the 2016 Interim Report.

As disclosed in the 2015 Annual Report and the 2016 Interim Report, the former chief executive officer (the “**Plaintiff**”) of Shenzhen Dong Di Xin Technology Company Limited* (深圳市東迪欣科技有限公司) (“**Dong Di Xin**”), a 55% indirectly owned subsidiary of the Company, filed a claim to Shenzhen Nanshan District People’s Court of Guangdong Province* (廣東省深圳市南山區人民法院) (the “**Court**”) against a substantial shareholder of Dong Di Xin (the “**Substantial Shareholder**”) and Dong Di Xin in respect of a service contract entered into among the Plaintiff, the Substantial Shareholder and Dong Di Xin, claiming and demanding, among other things, (1) the Substantial Shareholder to transfer his 15% equity interest in Dong Di Xin to the Plaintiff (the “**Equity Transfer**”); and (2) the Substantial Shareholder and Dong Di Xin to assist in all relevant procedures for completing the Equity Transfer.

On 17 October 2016, the Company was informed by Dong Di Xin that, on 13 October 2016, the Substantial Shareholder and Dong Di Xin was informed by their PRC legal advisors of the receipt the (2015) Shen Nan Fa Min Er Chu Zi No. 1420* ((2015)深南法民二初字第1420號) civil judgment (the “**Judgement**”) issued by the Court. According to the Judgment, the Court ruled that all claims lodged by the Plaintiff are upheld and the litigation fee of RMB2,900 shall be borne by the Substantial Shareholder and Dong Di Xin.

Under the Judgment, the Substantial Shareholder and Dong Di Xin are entitled to appeal against the Judgment within 15 days from 13 October 2016, being the date on which the Judgment was delivered. The Substantial Shareholder and Dong Di Xin is currently seeking legal advice from their PRC legal advisors and will consider filing an appeal to the Shenzhen Intermediate People’s Court of Guangdong Province* (廣東省深圳市中級人民法院) in respect of the Judgment.

On the basis of the Judgment, the Company will not bear any liability or any significant litigation fee being ordered to pay, and there will be no dilutive effect on the Group’s holding in the equity interest in Dong Di Xin. The Judgment, therefore, will not have any material adverse impact on the Group’s ordinary operations and financial position.

The Company is following up closely with the PRC legal advisors and will keep the shareholders of the Company and the public informed of any material progress on the litigation by way of further announcement(s) as and when appropriate.

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

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

Hong Kong, 24 October 2016

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

* *For identification purposes only*