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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)

PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME

The board (the “**Board**”) of directors (the “**Directors**”) of Kingworld Medicines Group Limited (the “**Company**”) proposes to adopt a new share option scheme (the “**New Share Option Scheme**”) in accordance with Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), as the share option scheme adopted by the Company on 5 November 2010 (the “**2010 Share Option Scheme**”) expired on 4 November 2020.

The New Share Option Scheme is subject to, among other things, (i) the approval of the shareholders of the Company (the “**Shareholders**”); and (ii) the Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) granting the approval of the listing of, and permission to deal in, the shares of the Company (the “**Shares**”) which may fall to be allotted and issued by the Company pursuant to the exercise of the share options in accordance with the terms and conditions of the New Share Option Scheme. The Company will present the New Share Option Scheme to the Shareholders for approval at the extraordinary general meeting to be held by the Company in due course.

The purpose of the New Share Option Scheme is to provide incentives or rewards to certain eligible participants (the “**Participant(s)**”) to subscribe for the Shares for their contribution to the Company and/or any of its subsidiaries and to enable the Company to recruit and retain high calibre employees and attract human resources that are available to the Company. The principal terms of the New Share Option Scheme will include the following:

Maximum number of shares available for exercise

The maximum number of Shares which may be issued upon the exercise of all options that may be granted under the New Share Option Scheme and any other share option schemes of the Company (excluding, for this purpose, Shares which may be issued upon exercise of options which have been granted but which have lapsed in accordance with the terms of the New Share Option Scheme) must not in aggregate exceed 10% of the total number of Shares in issue as at the date of approval by the Shareholders of the New Share Option Scheme. Subject to the issue of a circular by the Company and the approval of the Shareholders in a general meeting and/or such other requirements prescribed under the Listing Rules from time to time, such 10% limit may be refreshed at any time by the Shareholders in a general meeting, provided that the maximum number of Shares which may be issued upon the exercise of all options that may be granted under the 2010 Share Option Scheme and the New Share Option Scheme under the limit as refreshed must not exceed 10% of the total number of Shares in issue as at the date of approval by the Shareholders. Options previously granted under the 2010 Share Option Scheme and the New Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the 2010 Share Option Scheme and the New Share Option Scheme or exercised options) will not be counted for the purpose of calculating the limit as refreshed. The Board may, subject to the issue of a circular by the Company and the approval of the Shareholders in a general meeting, grant options under the New Share Option Scheme beyond such limit to certain Participants specifically identified by the Board before such approval is sought; provided that, the maximum number of Shares that may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option schemes of the Company at any time must not exceed 30% of the Shares in issue from time to time.

Maximum entitlement of each participant

The total number of Shares issued and to be issued upon the exercise of the options granted to each Participant under the New Share Option Scheme and any other option schemes of the Company (including both exercised and outstanding options) in any 12-month period up to and including the date of grant must not exceed 1% of the total number of Shares in issue. Any further grant of options to each Participant under the New Share Option Scheme in excess of this 1% limit must be separately approved by the Shareholders in a general meeting with the relevant Participant and his close associates (or his associates if the Participant is a connected person) abstaining from voting. In such event, the Company must send a circular to the Shareholders containing the identity of the Participant, the number and terms of the options to be granted (and options previously granted to such Participant), and all other information required under the Listing Rules.

Exercise Period

An option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten (10) years from the date of grant subject to the provisions of early termination thereof.

Exercise Price

Subject to any adjustments made pursuant to the terms of the New Share Option Scheme, the exercise price of a Share in relation to each option granted under the New Share Option Scheme will be a price solely determined by the Board and notified to a Participant and must be at least the higher of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the date of grant of the option; and (c) the nominal value of a Share on the date of grant of the option.

Duration and Termination

The New Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the date of its adoption and shall expire at the close of business on the day preceding the tenth anniversary thereof unless terminated earlier by way of a resolution in general meeting or a meeting of the Board. After expiry or termination of the New Share Option Scheme, no further options will be offered, but in all other respects the provisions of the New Share Option Scheme will remain in force to the extent necessary to give effect to the exercise of any option granted prior to the expiry or termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options granted prior to such expiration or termination but not yet exercised at the time of termination will continue to be valid and exercisable in accordance with the provisions of the New Share Option Scheme.

Circular

A circular containing, among other things, further details of the New Share Option Scheme will be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

The New Share Option Scheme remains subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution in dealing in the securities of the Company.

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

Hong Kong, 23 June 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.