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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)

**(1) GRANT OF AWARD PURSUANT TO THE SHARE
AWARD SCHEME
AND
(2) EXEMPTED CONNECTED TRANSACTION — GRANT OF
AWARD TO CONNECTED PERSONS**

This announcement is made by Kingworld Medicines Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Chapter 14A and Rules 17.06A, 17.06B and 17.06C of the Listing Rules.

Reference is made to (i) the announcement of the Company dated 27 August 2019 in relation to the adoption of the Share Award Scheme by the Company (the “**Announcement**”), (ii) the announcements of the Company dated 22 May 2020 and 13 July 2022 in relation to the increase of scheme limit, (iii) the announcement of the Company dated 21 January 2022 in relation to the grant of award pursuant to the Share Award Scheme (the “**First Grant of Award**”) and (iv) the announcement of the Company dated 6 April 2023 in relation to the grant of award pursuant to the Share Award Scheme (the “**Second Grant of Award**”). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

GRANT OF AWARD PURSUANT TO SHARE AWARD SCHEME

Further to the First Grant of Award and the Second Grant of Award, the Board approved to grant the Award with an aggregate of 6,648,000 Awarded Shares on 30 April 2024 (“**Date of Grant**”) to 86 Selected Participants under the Share Award Scheme adopted by the Company on 27 August 2019 at nil consideration, among which 2,692,000 Awarded Shares were granted to 20 Selected Participants who are Connected Grantees and 3,956,000 Awarded Shares were granted to 66 Selected Participants who are Non-connected Grantees (the “**Third Grant of Award**”).

For the Third Grant of Award, the Awarded Shares represent approximately 1.07% of the total issued share capital of the Company as at the Date of Grant (being 622,500,000 Shares). The closing price of the Shares on the Date of Grant was HK\$0.55 per Share and the average closing price of the Share for the five business days immediately preceding the Date of Grant was HK\$0.53 per Share.

Subject to the acceptance by the Grantees, the Awarded Shares shall be vested in the Grantees on 30 April 2024.

IMPLICATIONS UNDER THE LISTING RULES

The grant of the Awarded Shares to the Selected Participants has been approved by the Administration Committee of the Share Award Scheme, the Remuneration Committee of the Company and the Board (including the independent non-executive Directors), except that the relevant Director(s) and/or members of the respective committees to whom the grant was related had abstained from approving the grant to him/her.

Under the Third Grant of Award, the grant of the Awarded Shares to 20 Grantees who are Connected Persons of the Company constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios are less than 0.1% and the grant is on normal commercial terms, each grant of the Awarded Shares to the Connected Persons of the Company is fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reference is made to (i) the announcement of the Company dated 27 August 2019 in relation to the adoption of the Share Award Scheme by the Company, (ii) the announcements of the Company dated 22 May 2020 and 13 July 2022 in relation to the increase of scheme limit, (iii) the announcement of the Company dated 21 January 2022 in relation to the First Grant of Award and (iv) the announcement of the Company dated 6 April 2023 in relation to the Second Grant of Award.

GRANT OF AWARD PURSUANT TO SHARE AWARD SCHEME

The Board approved to grant the Award with an aggregate of 6,648,000 awarded shares (the "**Awarded Shares**") on the Date of Grant to 86 Selected Participants (the "**Grantees**") under the Share Award Scheme at nil consideration, among which, 2,692,000 Awarded Shares were granted to 20 Selected Participants who are Connected Persons of the Company (the "**Connected Grantees**") and 3,956,000 Awarded Shares were granted to 66 Selected Participants who are not Connected Persons of the Company (the "**Non-connected Grantees**").

For the Third Grant of Award, the Awarded Shares represent approximately 1.07% of the total issued share capital of the Company as at the Date of Grant (being 622,500,000 Shares). The closing price of the Shares on the Date of Grant was HK\$0.55 per Share and the average closing price of the Share for the five business days immediately preceding the Date of Grant was HK\$0.53 per Share.

The number of the Awarded Shares granted to each Grantee is determined after taking into account, among others, the Grantees' positions, performance and contribution to the Group. The nil consideration of the Awarded Shares is determined after taking into account, among others, the past contribution made by the Grantees to the Group.

The Awards granted are subject to the acceptance by the Grantees within the time as stipulated in the grant letter issued by the Company to the Grantees.

Subject to the acceptance by the Grantees, the Awarded Shares shall be vested in the Grantees on 30 April 2024.

Details of the Grant of Award

Date of Grant: 30 April 2024

Aggregate number of underlying Shares in respect of Awarded Shares granted: 6,648,000

Out of the 6,648,000 Awarded Shares granted, 2,692,000 Awarded Shares were granted to 20 Connected Grantees, details of which are as follows:

	Position Held Within the Group/ connected relationship	Number of Awarded Shares granted	Approximate percentage among the total Awarded Shares (%) (Note 1)	Approximate percentage of the total number of issued Shares as at the date of this announcement (%) (Note 2)
Connected Grantees				
Zhao Li Sheng	Chairman and Executive Director of the Company, controlling shareholder of the Company, Director of subsidiaries of the Company	304,000	4.57	0.05
Chan Lok San	Executive Director of the Company, controlling shareholder of the Company, Director of subsidiaries of the Company	256,000	3.85	0.04
Zhou Xuhua	Executive Director of the Company, Director of subsidiaries of the Company	172,000	2.59	0.03
Duan Jidong	Independent Non-executive Director	140,000	2.11	0.02
Wong Cheuk Lam	Independent Non-executive Director	140,000	2.11	0.02
Zhang Jianbin	Independent Non-executive Director	140,000	2.11	0.02
Chan Hon Wan	Director of a subsidiary of the Company	140,000	2.11	0.02
Zhao Jianwei	Director of subsidiaries of the Company	96,000	1.44	0.02
Zhao Weiyong	Director of subsidiaries of the Company	96,000	1.44	0.02
Niu Yaobin	Director of a subsidiary of the Company	96,000	1.44	0.02
Ma Shipeng	Director of a subsidiary of the Company	96,000	1.44	0.02
Huang Ruozhong	Director of subsidiaries of the Company	60,000	0.90	0.01
Huang Zhihui	Supervisor of subsidiaries of the Company	64,000	0.96	0.01
Li Enming	Director of subsidiaries of the Company	36,000	0.54	0.01
Zhou Xiaoling	Director of subsidiaries of the Company	212,000	3.19	0.03
Kuang Sizhong	Director of subsidiaries of the Company	236,000	3.55	0.04
Xing Guangqian	Director of subsidiaries of the Company	148,000	2.23	0.02
Chen Yueyue	Director of subsidiaries of the Company	128,000	1.93	0.02
Wang Yibo	Director of subsidiaries of the Company	92,000	1.38	0.01
Kang Ruifeng	Director of a subsidiary of the Company	40,000	0.60	0.01
Sub-total		2,692,000	40.49	0.43
Non-connected Grantees				
66 employees of the Group		3,956,000	59.51	0.64
Total		6,648,000	100.00	1.07

Purchase price of Awarded Shares granted:	HK\$0.50-0.92 per Share
Closing Price of the Shares on the Date of Grant:	HK\$0.55 per Share
Vesting Date (<i>Note 3</i>):	30 April 2024
Performance Targets of the Third Grant of Award:	There is no performance target attached to the Third Grant of Award. (<i>Note 4</i>)
Clawback Mechanism:	There is no clawback mechanism attached to the Third Grant of Award. (<i>Note 4</i>)

Note 1: The percentage figures are rounded to two decimal places.

Note 2: The percentage figures are rounded to two decimal places and calculated on the basis that there are 622,500,000 Shares in issue as at the date of this announcement.

Note 3: The vesting of the Awarded Shares to the Grantees is shorter than 12 months because the grant of the Share Awards was determined based on the Grantee's work performance in the financial year ended 31 December 2023 such as sales target, sales amount and/or sales completion rate, etc. As at the date of this announcement, there are no restrictions under the Scheme in respect of a vesting period of less than 12 months. The Board and the Remuneration Committee of the Company are of the view that such arrangement with a shorter vesting period is appropriate and aligns with the purpose of the Scheme.

Note 4: The purposes of the Share Award Scheme are to recognise the past contributions made by the Selected Participants and to provide incentives in retaining the Selected Participants for continual operation and development of the Group and to attract suitable personnel for further development of the Group through the grant of share awards to the Selected Participants. Having considered that (i) the Grantees are employees of the Group who contribute directly to the overall business performance of the Group, and (ii) the grant of Awarded Shares to the Grantees is a recognition of their respective past contributions to the Group, the Remuneration Committee of the Company considers that, even though there is no performance target nor clawback mechanism attached to the Third Grant of Award, the grant of Awarded Shares to the Connected Grantees and the Non-connected Grantees can align the interests and incentives of the Grantees in working towards the successes of the Group, and reinforce their commitment to long term services within the Group, which is in line with the purpose of the Share Award Scheme.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, each of the Non-connected Grantees is an employee of the Group and not a Connected Person.

The Awarded Shares, being Shares purchased on the open market, are held on trust for the Grantees by the Trustee pursuant to the Trust Deed. The Trustee shall transfer the Awarded Shares to the Grantees in accordance with the Award Scheme Rules.

The Third Grant of Award as detailed above had been approved by the Administration Committee of the Share Award Scheme, the Remuneration Committee and the Board (including the independent non-executive Directors), except that the relevant Director(s) and/or members of the respective committees to whom the grant was related had abstained from approving the grant to him/her.

REASONS FOR AND BENEFITS OF THE GRANT OF AWARD

The purposes of the Share Award Scheme are to recognise the contributions by certain Participants and to provide incentives in retaining the Participants for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

On the basis that (i) the Award to the Grantees aims to recognise their past contribution to the Group and encourage them to make continual contribution to the Group; and (ii) save for the 1,556,000 Awarded Shares under the First Grant of Award, the 3,504,000 Awarded Shares under the Second Grant of Award and the 6,648,000 Awarded Shares under the Third Grant of Award, the Company has not granted any award under the Share Award Scheme as at the date of this announcement, the Directors (including the independent non-executive Directors) consider that the Third Grant of Award provided to the Grantees conforms to the current situation and development of the Group and is necessary and reasonable.

The Directors (including the independent non-executive Directors) are of the view that the Third Grant of Award to the Grantees, the respective terms and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANT

As of the date of this announcement, the 6,648,000 Shares underlying the Third Grant of Award to the Selected Participants were directly held by the Trustee, so no new Shares are required to be issued by the Company pursuant to the Third Grant of Award. Accordingly, the Third Grant of Award will not result in any dilution effect to the number of total issued Shares upon vesting thereof.

After the granting of the Third Grant of Award, a total of 34,292,000 Shares will be available for future grant pursuant to the Share Award Scheme. Except from the Awarded Shares, the Trustee holds 29,400,000 Shares on trust for the Share Award Scheme as at the date of this announcement which will be available for future grant pursuant to the Share Award Scheme.

LISTING RULES IMPLICATIONS

The grant of the Awarded Shares to the Selected Participants has been approved by the Administration Committee of the Share Award Scheme, the Remuneration Committee of the Company and the Board (including the independent non-executive Directors), except that the relevant Director(s) and/or members of the respective Committees to whom the grant was related had abstained from approving the grant to him/her.

Under the Third Grant of Award, the grant of the Awarded Shares to 20 Grantees who are Connected Persons of the Company constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As all the applicable percentage ratios are less than 0.1% and the grant is on normal commercial terms, each grant of the Awarded Shares to the Connected Persons of the Company is fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

Hong Kong, 30 April 2024

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.