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HUA MEDICINE

華領醫藥

(Incorporated in the Cayman Islands with limited liability)

(stock code: 2552)

GRANT OF SHARE OPTIONS

This announcement is made pursuant to Rule 17.06A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board (the “**Board**”) of directors (the “**Directors**”) of Hua Medicine (the “**Company**”) announces that on March 31, 2023, the Company granted share options (the “**Share Options**”) to two executive directors and certain employees of the Company (collectively the “**Grantees**”) pursuant to the Company’s share option scheme which was conditionally approved and adopted on August 26, 2018 and effective beginning September 14, 2018 (the “**Share Option Scheme**”), subject to acceptance by the Grantees. The Share Options entitle the Grantees to subscribe for a total of 10,900,000 new shares with a nominal value of US\$0.001 each (the “**Shares**”) in the share capital of the Company.

Details of the Share Options granted are as follows:

Date of the Grant: March 31, 2023

Exercise price of the Share Options granted: HK\$3.620 per Share, which is the highest of:

- i. the closing price of HK\$3.620 per Share as stated in the daily quotation sheets issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on the date of grant of the Share Options;
- ii. the average closing price of HK\$3.306 per Share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the date of grant of the Share Options; and
- iii. the nominal value of US\$0.001 per Share.

Number of Share Options granted: 10,900,000 (each Share Option shall entitle the holder thereof to subscribe for one (1) Share).

Validity period and vesting period of the Share Options: Ten (10) years from the date of grant.

25% of the Share Options shall be vested on the first anniversary of the date of grant. The remaining 75% of the Share Options shall be vested in 36 monthly installments thereafter, subject to the Grantee's continued employment from the date of grant.

Performance targets and clawback mechanisms: There is no performance target nor clawback mechanism attached to the Share Options granted.

In particular, upon taking into consideration that the grants are in recognition for the outstanding performance of the executive Directors and selected employees, which helped the Company in achieving various milestones in 2022 that are critical for the Company's future development and growth. The compensation committee of the Company is of the view that it is not necessary to set performance target and clawback mechanism for the grants to the two executive Directors because such grants could reinforce their commitment to long term services of the Company. As such, the arrangement is aligned with the purpose of the Share Option Scheme.

Among the total of 10,900,000 Share Options granted, 5,200,000 Share Options were granted to the following executive Directors:

Name of Director	Position	Number of Share Options granted
Dr. Li Chen	Executive Director and chief executive officer of the Company	4,000,000
Mr. George Chien Cheng Lin	Executive Director and chief strategy officer of the Company	1,200,000

The grant of Share Options to Dr. Li Chen and to Mr. George Chien Cheng Lin has been approved by the independent non-executive Directors of the Company. Save as disclosed above, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, none of the other Grantees is (i) a Director, chief executive or substantial shareholder of the Company or their associate (as defined in the Listing Rules); (ii) a participant with options and awards granted and to be granted exceeding the 1% individual limit under Rule 17.03D of the Listing Rules; or (iii) a related entity participant or service provider (as defined in Listing Rules) with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total issued Shares.

Subsequent to the grant of the Share Options, the number of Shares available for future grant under the scheme mandate pursuant to the Share Option Scheme is 42,375,750.

The Share Option Scheme was adopted before the effective date of the new Chapter 17 of the Listing Rules. The Company will comply with the new Chapter 17 to the extent required by the transitional arrangements for the existing share schemes.

By Order of the Board

Dr. Li Chen

Chief Executive Officer and Executive Director

Hong Kong, March 31, 2023

As of the date of this announcement, the Board of Directors comprises Dr. Li Chen and Mr. George Chien Cheng Lin as executive Directors; Mr. Robert Taylor Nelsen and Ms. Wei Zhao as non-executive Directors; and Mr. William Robert Keller, Mr. Yiu Wa Alec Tsui and Mr. Yiu Leung Andy Cheung as independent non-executive Directors.