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Fusen Pharmaceutical Company Limited

福森藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1652)

ISSUE OF NEW SHARES UNDER GENERAL MANDATE FOR THE RESTRICTED SHARE UNIT SCHEME AND GRANT OF RESTRICTED SHARE UNITS UNDER THE RESTRICTED SHARE UNIT SCHEME

ISSUE OF NEW SHARES UNDER GENERAL MANDATE FOR THE RESTRICTED SHARE UNIT SCHEME

On 8 July 2022, the Board has resolved to allot and issue 5,000,000 New Shares under the General Mandate.

As at the date of this announcement, the Board has appointed The Core Trust Company Limited (匯聚信託有限公司) as the Trustee to assist in the administration of the RSU Scheme, and Global Talent Alliance Limited, a wholly-owned subsidiary of the Trustee, as the RSU Nominee to hold the New Shares for and on behalf of the Company and/or the Grantees thereunder. To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Trustee and the RSU Nominee are independent of and not connected with the Company or its connected persons.

The New Shares will be held on trust by the RSU Nominee for the Grantees until the relevant RSUs have been exercised (which, prior to such exercise, shall have been vested in accordance with the vesting schedule as may be specified by the Board in the respective Grant Letters), upon which the New Shares shall be transferred to the Grantees.

GRANT OF RSUs PURSUANT TO THE RESTRICTED SHARE UNIT SCHEME

The Board is pleased to announce that on 8 July 2022, the Board, based on the recommendation of the Remuneration Committee, resolved and approved to grant 2,500,000 RSUs to each of the two Grantees, amounting to 5,000,000 RSUs in aggregate, representing 2,500,000 New Shares for each Grantee and 5,000,000 New Shares in aggregate, pursuant to the RSU Scheme, subject to acceptance by the Grantees.

Reference is made to the Announcement dated 8 November 2021 in relation to the adoption of RSU Scheme by the Company, a summary of the principal terms of which was set out in the Announcement. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

ISSUE OF NEW SHARES UNDER GENERAL MANDATE FOR THE RESTRICTED SHARE UNIT SCHEME

Issue of the New Shares

On 8 July 2022, the Board has resolved to allot and issue 5,000,000 New Shares to the RSU Nominee under the General Mandate.

As at the date of this announcement, the Board has appointed The Core Trust Company Limited (匯聚信託有限公司) as the Trustee to assist in the administration of the RSU Scheme, and Global Talent Alliance Limited, a wholly-owned subsidiary of the Trustee, as the RSU Nominee to hold the New Shares for and on behalf of the Company and/or the Grantees thereunder. To the best of the Director's knowledge, information and belief, having made all reasonable enquiries, the Trustee and the RSU Nominee are independent of and not connected with the Company or its connected persons.

The New Shares will be held on trust by the RSU Nominee for the Grantees until the relevant RSUs have been exercised (which, prior to such exercise, shall have been vested in accordance with the vesting schedule as may be specified by the Board in the respective Grant Letters), upon which the New Shares shall be transferred to the Grantees.

The Board shall cause to be paid the subscription money of HK\$50,000 for the New Shares, representing the nominal value of the Share multiplied by the number of Shares to be issued, from the Company's internal resources. No funds will be raised by the Company as a result of the aforementioned allotment and issue of 5,000,000 New Shares to the RSU Nominee.

The New Shares will be issued at a nominal value of HK\$0.01 per Share having regard to the fact that the entire amount of the consideration for the subscription of the New Shares by the RSU Nominee is being provided by the Company.

Market price

Based on the closing price of HK\$0.97 per Share as quoted on the Stock Exchange as at 8 July 2022, the market value of the 5,000,000 New Shares amounted to HK\$4,850,000.

The average closing price of the Shares for the five consecutive trading days immediately preceding 8 July 2022 as quoted on the Stock Exchange is HK\$0.968 per Share.

Ranking of the New Shares

The New Shares, when allotted and issued, will rank *pari passu* with the fully paid Shares in issue on the date of the transfer.

General Mandate

Pursuant to the General Mandate, the maximum number of Shares that can be allotted and issued by the Directors is 153,986,800 Shares. No Shares have been allotted or issued under the General Mandate as at the date of this announcement. The number of the New Shares (being 5,000,000 New Shares) to be issued and allotted by the Company to the RSU Nominee represents (i) approximately 0.66% of the issued share capital of the Company as at the date of this announcement and (ii) approximately 0.66% of the Company's enlarged issued share capital after the allotment and issue.

Rights attached to New Shares

A Selected Person does not have any contingent interest in any New Shares unless and until such Shares are actually transferred to the Selected Person. Further, a Selected Person may not exercise voting rights in respect of the New Shares prior to their exercise and, unless otherwise specified by the Board in its entire discretion in the Grant Letter to the Selected Person, nor do they have any rights to dividends or distributions from any New Shares, which are vested but not exercised. The Trustee and the RSU Nominee shall not exercise the voting rights in respect of any of the New Shares which are held by it under trust.

Reasons for the issue

The issue of the New Shares is to recognise and reward the Grantees for their contribution to the Group, to incentivise the Grantees, and to attract, motivate and retain the Grantees to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

Application for listing

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the 5,000,000 New Shares to be allotted and issued. Other than such approval to be granted by the Stock Exchange, the allotment of the underlying Shares is not subject to any conditions or approval of the Shareholders.

GRANT OF RESTRICTED SHARE UNITS PURSUANT TO THE RESTRICTED SHARE UNIT SCHEME

The Board is pleased to announce that on 8 July 2022, the Board, based on the recommendation of the Remuneration Committee, resolved and approved to grant 2,500,000 RSUs to each of the two Grantees, amounting to 5,000,000 RSUs in aggregate, representing 2,500,000 New Shares for each Grantee and 5,000,000 New Shares in aggregate, pursuant to the RSU Scheme, subject to acceptance by the Grantees.

Grantees

The Grantees are Eligible Persons, and none of them is a connected person of the Company within the meaning of the Listing Rules. The Grantees are not required to make any payment in respect of the Grants.

Vesting Schedule

The RSUs granted shall typically vest annually on an equal basis within five years from the effective date of grant of the RSUs. The RSUs held by the RSU Nominee shall be vested to the Grantees in accordance with the vesting schedule as specified in the Grant Letter upon all vesting criteria and conditions specified by the Board having been satisfied.

Taking into account the purposes and objectives of the RSU Scheme, the Company considers that the Grants are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

The RSUs granted to the Grantees shall be exercised no earlier than 12 months after the date of the Grants.

Lock-up period

The lock-up period of the Shares transferred to the Grantees under the RSU Scheme shall be not less than 12 months from the date of completion of equity filing and registration or such period prescribed by the Board at their absolute discretion, during which the Grantees shall not dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of the Shares transferred to him/her under the RSU Scheme.

FUND RAISING ACTIVITIES DURING THE PAST TWELVE MONTHS

The Company has not engaged in any fund raising activities by any issue of equity securities during the past twelve months immediately preceding the date of this announcement.

DEFINITIONS

“Announcement”	the announcement of the Company dated 8 November 2021
“Board”	the board of Directors or a duly authorised committee or any Director authorised by the Board
“Company”	Fusen Pharmaceutical Company Limited (福森藥業有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1652)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company on 31 May 2022 to exercise the power of the Company to allot, issue and deal with Shares not exceeding 20% of the total number of issued Shares as at the date of passing of the resolution approving the general mandate

“Grantees”	being the Selected Persons selected by the Board to be granted an aggregate of 5,000,000 RSUs pursuant to the RSU Scheme
“Grant Letter”	the letter pursuant to which RSUs are granted to a Selected Person
“Grants”	the grant of an aggregate of 5,000,000 RSUs to the Grantees pursuant to the RSU Scheme
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Shares”	5,000,000 new Shares to be allotted and issued to the RSU Nominee, being the underlying Shares in respect of the 5,000,000 RSUs granted under the Grants
“RSU(s)”	restricted share unit(s) which may be granted under the RSU Scheme
“RSU Nominee”	Global Talent Alliance Limited, a limited liability company incorporated under the laws of the British Virgin Islands, and a wholly-owned subsidiary of the Trustee
“RSU Scheme”	the restricted share unit scheme of the Company approved and adopted by the Board on 8 November 2021, the principal terms of which are set out in the Announcement, as amended from time to time
“Scheme Rules”	the rules relating to the RSU Scheme as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	The Core Trust Company Limited (匯聚信託有限公司), a limited liability company incorporated under the laws of Hong Kong, the trustee appointed by the Board to assist in the administration of the RSU Scheme

By order of the Board
Fusen Pharmaceutical Company Limited
Cao Changcheng
Chairman and Executive Director

Hong Kong, 8 July 2022

As at the date of this announcement, the Board of the Company comprises Mr. Cao Changcheng (Chairman), Mr. Hou Taisheng, Mr. Chi Yongsheng, Ms. Meng Qingfen and Mr. Cao Zhiming (formerly known as Mr. Cao Dudu) as executive Directors, and Mr. Sze Wing Chun, Mr. Lee Kwok Tung Louis and Dr. To Kit Wa as independent non-executive Directors.