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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)

SUPPLEMENTAL ANNOUNCEMENT

**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**

Reference is made to the announcement (“**Announcement**”) of Fusen Pharmaceutical Company Limited (the “**Company**”) dated 8 July 2022 regarding the issue of 5,000,000 New Shares to the RSU Nominee under the General Mandate for the RSU Scheme and the grant of RSUs to the Grantees pursuant to the RSU Scheme. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcement.

The Board wishes to provide the Shareholders and potential investors of the Company with the following additional information in relation to the details of the RSU Scheme and the Grants.

VESTING CRITERIA AND CONDITIONS UNDER THE RSU SCHEME

To ensure that the performance of the Group's employees are being assessed objectively for the purpose of the RSU Scheme, the Board has specified certain quantifiable performance targets as vesting criteria and conditions for the grant of RSUs upon adoption of the RSU Scheme on 8 November 2021, such that each of the grantees under the RSU Scheme would only be remunerated if such performance targets were achieved. Such performance targets cover, among others, (i) the number of business partners being introduced by the relevant grantee; (ii) number of products being introduced and launched by the Group successfully on such grantee's effort and (iii) the cost of introducing and launching the relevant products.

If any grantee fails to meet the relevant vesting criteria and conditions, the RSUs granted to such Grantee shall lapse. Pursuant to the RSU Scheme, the Company may re-grant the RSUs to other grantee(s), subject to the discretion of the Board. The New Shares, being the underlying Shares of the RSUs, will continue to be held by the RSU Nominee, until the Trustee receives notification(s) from the Company that the vesting criteria and conditions for such other grantee(s) are met.

VESTING OF RSUS TO THE GRANTEES

Upon all relevant vesting criteria and conditions specified by the Board having been satisfied, the 5,000,000 RSUs shall be evenly granted to the two Grantees annually throughout the vesting period of five years. In other words, 500,000 RSUs will be vested on each of the Grantees per year in the case that all relevant vesting criteria and conditions specified by the Board having been satisfied.

EXERCISE OF RSUS BY THE GRANTEES

In order for the two Grantees to exercise the RSUs vested as evidenced by the relevant vesting notice, the Grantees may exercise (in whole or in part) such vested RSUs by serving an exercise notice in writing on the Trustee and copied to the Company.

Neither of the two Grantees has present intention to exercise the RSUs granted to them. In any event, as disclosed in the Announcement, the RSUs granted to the two Grantees shall be exercised no earlier than 12 months after the date of the Grants.

REASONS FOR THE GRANTS

Pursuant to the Grants, an aggregate of 5,000,000 RSUs were granted to the two Grantees pursuant to the RSU Scheme, both of which are business development staff of the Group and are third parties independent of and not connected with the Company, its subsidiaries and its connected persons.

In the past years, the two Grantees have given continuous support to the Group in negotiating and establishing strategic cooperation with various business partners and participated in various projects for the introduction of new pharmaceutical products and mesotherapy products of the Group, which has supported the Group's expansion of its product distribution portfolio. For example, the two Grantees were responsible for the negotiation with a manufacturer of aesthetic medicine products based in France on the distribution agreement for distribution of mesotherapy products, details of which are set out in the announcement of the Company dated 24 August 2021. The Board considers that the work done by the two Grantees have brought good opportunities to the Group to further expand its business and revenue base, and hence their contributions are invaluable to the Group's long-term development. The two Grantees' outstanding work performance have initially met the relevant vesting criteria and conditions for the grant of RSUs. As such, the Board has approved the grant of an aggregate of 5,000,000 RSUs to the two Grantees (subject to continuous review of the Grantees' performance throughout the five-years vesting period as stated in the paragraph headed "Vesting of RSUs to the Grantees" above), so as to incentivise and motivate the two 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.

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

Hong Kong, 25 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 Qingfeng 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.