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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)**

# PROPOSED AMENDMENT OF TERMS OF SHARE OPTIONS GRANTED

On 22 May 2020, the Board proposes to extend the exercise period of the Outstanding Options for the period from the current expiry date, being 19 July 2020, to 13 June 2028.

A circular containing, among other things, details of the proposed extension of exercise period of the Outstanding Options to be proposed at the upcoming AGM is expected to be despatched to the Shareholders on or about 22 May 2020.

On 22 May 2020, the Board proposes to amend the terms of the Outstanding Options granted under the Share Option Scheme by extending the exercise period for the period from the current expiry date, being 19 July 2020, to 13 June 2028, such that the Outstanding Options may be exercised over a period of not more than 10 years from the date of grant.

## PROPOSED EXTENSION OF EXERCISE PERIOD

On 19 July 2019, the Board had granted Options to eligible grantees to subscribe for a total of 16,000,000 Shares pursuant to the Share Option Scheme for a period from 19 October 2019 to 19 July 2020. The 16,000,000 Options granted (representing approximately 2.0% of the total number of issued Shares) remain outstanding as at the date of this announcement. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the eligible grantees is a Director, chief executive or a substantial Shareholder or an associate (as defined in the Listing Rules) of any of them.

According to the Share Option Scheme, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of the Shares in issue as at 11 July 2018, being the date of listing of the Company's Shares on the Stock Exchange. Therefore, the Company may grant options of up to 80,000,000 Shares under the Share Option Scheme. As at the date of this announcement, options of up to 64,000,000 Shares were yet to be granted under the Share Option Scheme.

In order to encourage long-term commitment to the Company and to align the interests of the eligible grantees with the Company's development, the Board proposes to extend the exercise period of the Outstanding Options granted under the Share Option Scheme for the period from 19 July 2020 to 13 June 2028, such that those Options may be exercised over a period of not more than 10 years from the date of grant.

As at the date of this announcement, there are 16,000,000 Outstanding Options, details of which are set out below:

| **Date of grant** | **Exercise price per Share** *HK$* | **Existing exercise period** *From* | *To* | **Proposed expiry date** | **No. of Outstanding Options** |
|---|---|---|---|---|---|
| 19 July 2019 | 3.098 | 19 October 2019 | 19 July 2020 | 13 June 2028 | 16,000,000 |

The proposed extension of exercise period of the Outstanding Options complies with the requirement under Rule 17.03(5) of the Listing Rules. Save as stated above, there is no other proposed amendment to the terms of the Outstanding Options.

As it is expected that the proposed extension of exercise period would induce and incentivise the holders of the Outstanding Options to contribute to the growth, development and success of the Group, the Board considers that the proposed extension of exercise period of the Outstanding Options is in line with the objective of the Share Option Scheme, which also closely aligns the interests of such holders with that of the Shareholders to promote the long-term development and financial performance of the Company.

## LISTING RULES IMPLICATIONS

Pursuant to the terms of the Share Option Scheme and note (2) to Rule 17.03(18) of the Listing Rules, any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of the Options granted must be approved by the Shareholders.

An ordinary resolution will be proposed, among other things, to consider, and if thought fit, approve the extension of exercise period of the Outstanding Options at the upcoming AGM on 30 June 2020. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the proposed extension of exercise period of the Outstanding Options. As such, no Shareholder is required to abstain from voting in respect of such resolution to be proposed in the AGM.

## RECOMMENDATION

The Board considers that the proposed extension of exercise period of the Outstanding Options as described in this announcement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution relating to the proposed extension of exercise period of the Outstanding Options to be proposed at the AGM.

## CIRCULAR

A circular containing, among other things, details of the proposed extension of exercise period of the Outstanding Options to be proposed at the upcoming AGM is expected to be despatched to the Shareholders on or about 22 May 2020. Shareholders are advised to refer to the notice of the AGM enclosed therewith for further details.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

| | |
|---|---|
| "AGM" | annual general meeting of the Company to be held on Tuesday, 30 June 2020 to consider and if thought fit, among other things, approve the proposed extension of exercise period of the Outstanding Options |
| "Board" | the board of Directors |
| "Company" | Fusen Pharmaceutical Company Limited (福森藥業有限公司), a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 1652) |
| "Director(s)" | the director(s) of the Company |
| "Group" | the Company and its subsidiaries |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Option(s)" | a right to subscribe for Shares granted pursuant to the terms of the Share Option Scheme |
| "Outstanding Options" | all the Options granted on 19 July 2019 under the Share Option Scheme with an exercise price of HK$3.098 per Share, which remain outstanding as at the date of this announcement |
| "Share(s)" | ordinary share(s) of the Company with a nominal value of HK$0.01 each |
| "Share Option Scheme" | the share option scheme of the Company adopted on 14 June 2018, which is valid and effective for a period of 10 years commencing on 14 June 2018 and will expire on 13 June 2028 |

| | |
|---|---|
| "Shareholder(s)" | holder(s) of the Share(s) |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "%" | per cent. |

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

Hong Kong, 22 May 2020

*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 Mr. Ho Ka Chun as independent non-executive Directors.*