

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Fusen Pharmaceutical Company Limited**, you should at once hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
RE-APPOINTMENT OF AUDITORS,
AMENDMENT OF TERMS OF SHARE OPTIONS GRANTED
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Fusen Pharmaceutical Company Limited to be held at 7/F., Nexus Building, 77 Des Voeux Road Central, Hong Kong on Tuesday, 30 June 2020 at 12:15 p.m. is set out on pages 16 to 21 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Measures will be taken to prevent and control the spread of the novel coronavirus at the AGM, including:

- compulsory body temperature checks and health declarations
- recommended wearing of a surgical face mask for each attendee
- no distribution of corporate gift or refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. For further details, please refer to page 3 of this circular.

The Company reminds Shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the AGM as an alternative to attending the AGM in person.

Due to the constant evolving novel coronavirus situation in Hong Kong, the Company may be required to change the AGM arrangements at short notice. Shareholders should check the Company's website at www.fuseny.com for the latest announcements and information.

22 May 2020

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise.

“AGM”	the annual general meeting of the Company to be held at 7/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong on Tuesday, 30 June 2020 at 12:15 p.m.
“Articles of Association”	the amended and restated memorandum and articles of association of the Company currently in force
“Board”	the board of Directors
“Company”	Fusen Pharmaceutical Company Limited (福森藥業有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Issue Mandate”	a general mandate proposed to be granted to the Directors 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 Issue Mandate
“Latest Practicable Date” or “LPD”	15 May 2020, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication
“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 circular
“PRC”	the People’s Republic of China
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase Shares not exceeding 10% of the total number of issued Shares as at the date of passing of the resolution approving the Repurchase Mandate

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“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)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs, as amended, modified and supplemented from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

We care about the health of our Shareholders, staff and stakeholders which is of paramount importance. In view of the ongoing novel coronavirus pandemic, the Company will implement the following precautionary measures at the AGM to protect attending Shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted for every Shareholder, proxy or other attendee at the meeting venue entrance. Any person whose body temperature over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) Each attendee shall declare whether (a) he/she has traveled outside Hong Kong within the 14-day period immediately before the date of AGM; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions or is wearing a wristband for compulsory quarantine may be denied entry into the meeting venue or be required to leave the meeting venue.
- (iii) The Company encourages each attendee inside the meeting venue to wear self-prepared surgical face mask throughout the meeting and to maintain a safe distance.
- (iv) No refreshment will be served, and there will be no corporate gift.

In addition, the Company reminds all Shareholders that physical attendance in person at the meeting for the purpose of exercising voting rights is not necessary. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and returning the proxy form attached to this circular.

If any Shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the Board, he/she is welcome to send such question or matter in writing to our email at enquiry@fusenyy.com.

If any Shareholder has any question relating to precautionary measures of the meeting, please contact the Company's branch share registrar, Computershare Hong Kong Investor Service Limited, as follows:

Address: Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Email: cs15@computershare.com.hk

Tel: (852) 2862 8555

Fax: (852) 2865 0990

LETTER FROM THE BOARD



Fusen Pharmaceutical Company Limited

福森藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1652)

Executive Directors:

Mr. Cao Changcheng (*Chairman*)
Mr. Cao Zhiming
(formerly known as Mr. Cao Dudu)
Mr. Hou Taisheng
Ms. Meng Qingfen
Mr. Chi Yongsheng

Independent non-executive Directors:

Mr. Sze Wing Chun
Mr. Ho Ka Chun
Mr. Lee Kwok Tung Louis

Registered office:

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

*Headquarter and principal place of
business in China:*

Urban Industrial Zone
Xichuan County, Henan Province
China
(中國河南省淅川縣城區工業園區)

*Place of business in Hong Kong registered
under Part 16 of the Companies Ordinance*
29/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

22 May 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
RE-APPOINTMENT OF AUDITORS,
AMENDMENT OF TERMS OF SHARE OPTIONS GRANTED
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information regarding the proposals for the Issue Mandate, the Repurchase Mandate, the extension of the Issue Mandate, the re-election of Directors and re-appointment of auditors, and amendment of terms of share options granted under the Share Option Scheme and to seek your approval at the AGM in connection with, inter alia, the aforesaid proposals.

LETTER FROM THE BOARD

ISSUE MANDATE

On 14 June 2018, an ordinary resolution was passed by the Shareholders to give a general mandate to the Directors to allot, issue and deal with Shares or other securities. Such general mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew such general mandate at the AGM. The Issue Mandate will be proposed at the AGM to grant a general mandate to the Directors to allot, issue and otherwise deal with additional Shares up to a limit equal to 20% of the total number of issued Shares as at the date of passing of the resolution approving the Issue Mandate.

As at the Latest Practicable Date, the issued share capital of the Company comprised 800,000,000 Shares. Assuming that there is no change in the issued share capital between the Latest Practicable Date and the date of passing of the resolution approving the Issue Mandate, the maximum number of Shares or securities which may be issued pursuant to the Issue Mandate will be 160,000,000 Shares, representing 20% of the total number of Shares in issue as at the date of passing of the resolution approving the Issue Mandate.

Ordinary resolutions will be proposed at the AGM to grant to the Directors the Issue Mandate and authorise an extension of the limit of the Issue Mandate granted by adding to it an amount representing the Shares repurchased by the Company under the Repurchase Mandate.

Details of the Issue Mandate are set out in ordinary resolutions numbers 5 and 7 in the notice of AGM.

REPURCHASE MANDATE

On 14 June 2018, an ordinary resolution was passed by the Shareholders to give a general mandate to the Directors to exercise the powers of the Company to repurchase its own Share on the Stock Exchange. Such general mandate will lapse at the conclusion of the AGM.

As at the Latest Practicable Date, the number of the issued Shares is 800,000,000 Shares. Assuming that there is no change in the issued share capital between the Latest Practicable Date and the date of passing of the resolution approving the Repurchase Mandate, the maximum number of Shares which may be repurchased pursuant to the Repurchase Mandate will be 80,000,000 Shares, representing 10% of the total number of Shares in issue as at the date of passing of the resolution approving the Repurchase Mandate.

An ordinary resolution will be proposed at the AGM to grant to the Directors the Repurchase Mandate, details of which are set out in ordinary resolution number 6 in the notice of AGM.

An explanatory statement as required under the Listing Rules, giving certain information regarding the Repurchase Mandate, is set out in the Appendix I to this circular.

The Issue Mandate and the Repurchase Mandate, if granted at the AGM, will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the

LETTER FROM THE BOARD

Company is required by law or the Articles of Association to be held; or (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

RE-ELECTION OF DIRECTORS

The Board currently consists of eight Directors, Mr. Cao Changcheng, Mr. Cao Zhiming, Mr. Hou Taisheng, Ms. Meng Qingfen, Mr. Chi Yongsheng, Mr. Sze Wing Chun, Mr. Lee Kwok Tung Louis and Mr. Ho Ka Chun.

Pursuant to Article 108 of the Articles of Association, Mr. Cao Changcheng, Mr. Hou Taisheng and Mr. Sze Wing Chun will retire at the AGM and will be eligible, offer themselves for re-election.

Brief biographical details of the Directors proposed to be re-elected at the AGM are set out in Appendix II to this circular.

Explanatory statement provided under Code Provision A.5.5 of Appendix 14 of the Listing Rules

According to the Listing Rules and the board diversity policy adopted by the Company (the “**Board Diversity Policy**”), the nomination committee of the Company (the “**Nomination Committee**”) will, among other things, undertake the nomination and selection of independent non-executive Director candidates on the completion of their specified terms and make relevant recommendations to the Board.

Furthermore, when changes to composition of the Board or members of any committee of the Company are required or when casual vacancies arise, the Nomination Committee shall adhere to the principles stated in the Board Diversity Policy. The Nomination Committee will take into account the existing composition of the Board and the business requirements of the Group, and nominate potential candidates by reference to their capacity and the selection criteria to the Board for approval.

Mr. Sze Wing Chun has met the independence criteria under the Listing Rules. Moreover, Mr. Sze Wing Chun has given confirmation of independence to the Company. With due consideration on the above factors, the Board believes that Mr. Sze Wing Chun is independent.

In view of the knowledge, experience and skills of Mr. Sze Wing Chun in auditing, accounting and taxation, the Board believes that his expertise will enable him to fulfill his roles as independent non-executive Directors effectively and can provide useful and constructive opinion and make contribution to the Board and future development of the Company.

Based on the background of Mr. Sze Wing Chun including but not limited to gender, cultural and educational background, ethnicity, professional experience, skills and knowledge, it is believed that Mr. Sze Wing Chun can contribute to diversity of the Board.

LETTER FROM THE BOARD

Having considered the above aspects and in view of the contribution that Mr. Sze Wing Chun has made to the Board, his re-election will be in the best interests of the Company and its Shareholders as a whole.

RE-APPOINTMENT OF THE AUDITORS

Messrs. KPMG will retire as the auditors of the Company at the AGM and, being eligible, offer themselves for re-appointment.

The Board, upon the recommendation of the audit committee of the Board, proposed to re-appoint Messrs. KPMG as the auditors of the Company and to hold office until the conclusion of the next annual general meeting of the Company.

AMENDMENT OF TERMS OF SHARE OPTIONS GRANTED

Reference is made to the announcement of the Company dated 22 May 2020 in relation to the proposed amendment of terms of the Outstanding Options and other information as required under the Listing Rules.

Proposed extension of the exercise period of the Outstanding Options

The purpose of the Share Option Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants and for such other purposes as the Board may approve from time to time.

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 Latest Practicable Date. 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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 16,000,000 Outstanding Options, details of which are set out below:

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

The proposed extension of the 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.

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 the resolution approving amendment the above terms of the Outstanding Options to be proposed in the AGM.

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.

ANNUAL GENERAL MEETING

The notice convening the AGM, which contains, inter alia, ordinary resolutions to approve the Issue Mandate, the Repurchase Mandate, the re-appointment of auditors, the re-election of the Directors and amendment of terms of share options granted is set out on pages 16 to 21 of this circular.

VOTING BY WAY OF POLL

All the resolutions at the AGM shall be taken by poll in accordance with Rule 13.39(4) of the Listing Rules and Article 72 of the Articles of Association, except where the chairman may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands pursuant to the Listing Rules.

LETTER FROM THE BOARD

Pursuant to Article 79 of the Articles of Association, subject to any special rights or restrictions as to voting for the time being attached to any Shares, at any general meeting every Shareholder present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy shall have one vote for each Share registered in his name in the Company's register of members. Where more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy is under no obligation to cast all his votes in the same way.

An announcement on the poll vote results will be made by the Company after the AGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

ACTION TO BE TAKEN

A proxy form for use at the AGM is enclosed herein. Such form of proxy is also published on the websites of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.fusenyy.com). Whether or not you intend to attend the AGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the AGM, or any adjourned meeting, should they so wish.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors believe that the proposed resolutions mentioned in this circular, including the proposals to re-elect the Directors, to re-appoint the Company's auditors, to declare final dividend, to grant to the Directors the Issue Mandate and the Repurchase Mandate and amendment of terms of the share options granted are in the best interests of the Company as well as to its Shareholders. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the relevant resolutions relating to aforesaid matters.

Yours faithfully
For and on behalf of the Board of
Fusen Pharmaceutical Company Limited
Cao Changcheng
Chairman and Executive Director

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide information reasonably necessary to enable you to make an informed decision on whether to vote for or against ordinary resolution 6 in respect of the approval of the Repurchase Mandate.

1. EXERCISE OF THE REPURCHASE MANDATE

Exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue at the Latest Practicable Date, could result in up to 80,000,000 Shares being repurchased by the Company during the period up to (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or any applicable laws to be held; or (iii) the revocation, variation or renewal of the Repurchase Mandate by ordinary resolution of the Shareholders in general meeting, whichever occurs first.

2. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

3. FUNDING OF REPURCHASES

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The law of the Cayman Islands provides that the amount to be repaid in connection with a share repurchase may be paid from the profits of the Company and/or the proceeds of a new issue of Shares made for the purpose of the repurchase or out of capital, if the Company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

4. UNDERTAKING

There might be a material adverse impact on the working capital or gearing position of the Company in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing position which in the opinion of the Directors are from time to time appropriate for the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make repurchases pursuant to the Repurchase Mandate and in accordance with the Listing Rules, the memorandum of association and articles of association of the Company, the laws of Hong Kong and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their close associates (as defined in the Listing Rules), have any present intention to sell any Shares to the Company or its subsidiaries under the Repurchase Mandate if such is approved by the Shareholders.

No core connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell Shares to the Company or its subsidiaries, or have undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

5. EFFECT OF THE TAKEOVERS CODE AND PUBLIC FLOAT

If on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. As a result, a Shareholder or group of Shareholders acting in concert could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, as far as the Directors are aware, Mr. Cao Changcheng and parties acting in concert (as defined in the Takeovers Code) with him were entitled to control an aggregate of 60.9% of the voting rights of the Company. In the event that the Directors exercised in full the power to repurchase Shares pursuant to the Repurchase Mandate, Mr. Cao Changcheng and parties acting in concert (as defined in the Takeovers Code) with him will be entitled to control approximately 67.7% of the voting rights of the Company. Such increase would not give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code and would not reduce the percentage of Shares held by the public to below the prescribed minimum percentage of 25% required by the Listing Rules.

The Directors will use their best endeavours to ensure that the Repurchase Mandate will not be exercised to the extent that the number of Shares held by the public being reduced to less than 25% as required under the Listing Rules.

6. SHARE PURCHASED MADE BY THE COMPANY

The Company has not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

7. SHARE PRICES

The table below is a summary of the highest and lowest traded prices in each of the previous twelve months and up to the Latest Practicable Date.

	Highest Traded Price <i>HK\$</i>	Lowest Traded Price <i>HK\$</i>
April 2019	5.51	3.80
May 2019	5.48	3.60
June 2019	3.79	2.95
July 2019	3.42	2.95
August 2019	6.80	3.16
September 2019	8.00	4.91
October 2019	6.70	5.00
November 2019	5.98	3.60
December 2019	5.00	4.22
January 2020	5.91	4.50
February 2020	20.00	3.82
March 2020	4.50	2.91
April 2020	3.60	3.05
May 2020 (up to the Latest Practicable Date)	3.51	3.32

The following are the particulars of the Directors proposed to be re-elected at the AGM:

1. Mr. Cao Changcheng

Mr. Cao Changcheng (曹長城先生), aged 63, is an executive Director, the chairman of the Board and the founder of the Group. Mr. Cao Changcheng is one of the controlling shareholders of the Company (as defined in the Listing Rules) and also a director of a wholly-owned subsidiary of the Company, Henan Fusen Pharmaceutical Company Limited (河南福森藥業有限公司) (“**Henan Fusen**”). Mr. Cao Changcheng is primarily responsible for the formulation of overall business development strategy and major business decision of the Group. He has over 19 years of experience in the pharmaceutical industry. Prior to joining the Group, Mr. Cao Changcheng was the general manager of Henan Xichuan Pharmaceutical Group Company Limited (河南浙川製藥集團有限公司) (“**Henan Xichuan Pharmaceutical**”), a state-owned enterprise established in the PRC principally carrying on the pharmaceutical business, from November 2000 to October 2003.

Under the leadership of Mr. Cao Changcheng, Henan Fusen successfully developed Shuanghuanglian Oral Solutions and Shuanghuanglian Injections which became the Group’s major products since 2004. Henan Fusen also obtained the Good Manufacturing Practice for Pharmaceutical Products certifications for five dosage forms, including small volume injection, oral solution, tablet, capsule and granule (including pre-treatment and extraction of traditional Chinese medicine) in 2008. Mr. Cao Changcheng’s innovation also led to the establishment of the Henan Province Microencapsulation Technology Research Centre (河南微囊化藥物工程技術研究中心) in 2012 and Henan Fusen was recognised by the Henan Department of Science and Technology (河南省科學技術廳) as a High New Technology Enterprise (高新技術企業) in 2015.

Mr. Cao Changcheng obtained a graduation certificate of the major of Economic Administration from Northeastern University (東北大學) in July 2000 through long distance learning. He was awarded a Certificate of the completion of Advance Course in Business Development Strategy and Innovative Operation Skills (企業戰略與創新經營高級研修班) by Tsinghua University (清華大學) in October 2014 through long distance learning.

Mr. Cao Changcheng has been a member of the 12th People’s Congress of Henan Province (第12屆河南省人民代表大會委員) since January 2013.

Mr. Cao Changcheng is the father of Mr. Cao Zhiming who is an executive Director and the chief executive officer of the Company.

Mr. Cao Changcheng has entered into a service agreement with the Company pursuant to which he has agreed to act as an executive Director for a fixed term of three years commencing from 11 July 2018, the date of the listing of the Company, subject to early termination by either party in accordance with the terms thereof. Mr. Cao Changcheng is entitled to an annual remuneration of RMB90,000. Such remuneration was

determined in accordance with, and covered by, the aforesaid service agreement. Mr. Cao Changcheng is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, (i) Mr. Cao Changcheng has not held any other directorships in the last three years in any listed public company in Hong Kong or overseas; (ii) Mr. Cao Changcheng is not related to any Directors, senior management, substantial shareholders or controlling shareholders of the Company; (iii) Mr. Cao Changcheng is not interested in any Shares within the meaning of the Part XV of the SFO; and (iv) there is no other information relating to Mr. Cao Changcheng that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor are there any other matters concerning Mr. Cao Changcheng that needs to be brought to the attention of the Shareholders.

2. Mr. Hou Taisheng

Mr. Hou Taisheng (侯太生先生), aged 57, is an executive Director. Mr. Hou Taisheng joined the Group in October 2003 as a director and vice president of Henan Fusen. Mr. Hou Taisheng is primarily responsible for general management and overseeing the sales and marketing of the Group. He has over 18 years of experience in the pharmaceutical industry in the PRC. Prior to joining the Group, Mr. Hou Taisheng was the deputy general manager of Henan Xichuan Pharmaceutical from March 2002 to October 2003.

Mr. Hou Taisheng was also a sales representative in charge of the sales and marketing of our products in Nanyang city and Henan Province from 2003 to 2007. Under the leadership of Mr. Hou Taisheng, Henan Fusen has developed extensive nationwide sales and distribution network covering each of the 31 provinces, autonomous regions and centrally administered municipalities in the PRC since 2016.

Mr. Hou Taisheng obtained an Associate Degree of Business Administration from the Party School of the Henan Provincial Committee of CPC (河南省委黨校) in July 1982 through long distance learning.

Mr. Hou Taisheng has entered into a service agreement with the Company pursuant to which he has agreed to act as an executive Director for a fixed term of three years commencing from 11 July 2018, the date of the listing of the Company, subject to early termination by either party in accordance with the terms thereof. Mr. Hou Taisheng is entitled to an annual remuneration of RMB84,000. Such remuneration was determined in accordance with, and covered by, the aforesaid service agreement. Mr. Hou Taisheng is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, (i) Mr. Hou Taisheng has not held any other directorships in the last three years in any listed public company in Hong Kong or overseas; (ii) Mr. Hou Taisheng is not related to any Directors, senior management, substantial shareholders or

controlling shareholders of the Company; (iii) Mr. Hou Taisheng is not interested in any Shares within the meaning of the Part XV of the SFO; and (iv) there is no other information relating to Mr. Hou Taisheng that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor are there any other matters concerning Mr. Hou Taisheng that needs to be brought to the attention of the Shareholders.

3. Mr. Sze Wing Chun

Mr. Sze Wing Chun (施永進), aged 43, is an independent non-executive Director.

Mr. Sze Wing Chun obtained a Bachelor of Business Administration in Accounting from the Hong Kong University of Science and Technology in November 1998. He has been a member of the Hong Kong Institute of Certified Public Accountants (formerly known as the Hong Kong Society of Accountants) since October 2002 and became a fellow member in May 2017. He has also been a fellow member of the Association of Chartered Certified Accountants since October 2006. Mr. Sze Wing Chun worked at Deloitte Touche Tohmatsu, an international CPA firm from September 1998 to November 2011 and worked at Crowe Horwath (HK) CPA Limited, an international CPA firm from February 2012 to February 2017. He is currently a director of Ascenda Cachet CPA Limited, a CPA firm in Hong Kong. Mr. Sze Wing Chun has over 19 years of experience in auditing, accounting and taxation.

Mr. Sze Wing Chun has entered into a service agreement with the Company pursuant to which he has agreed to accept the appointment as an independent non-executive Director for a fixed term of three years commencing from 11 July 2018, the date of the listing of the Company, subject to early termination by either party in accordance with the terms thereof. Mr. Sze Wing Chun is entitled to an annual remuneration of HK\$180,000. Such remuneration was determined in accordance with, and covered by, the aforesaid service agreement. Mr. Sze Wing Chun is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, (i) Mr. Sze Wing Chun has not held any other directorships in the last three years in any listed public company in Hong Kong or overseas; (ii) Mr. Sze Wing Chun is not related to any Directors, senior management, substantial shareholders or controlling shareholders of the Company; (iii) Mr. Sze Wing Chun is not interested in any Shares within the meaning of the Part XV of the SFO; and (iv) there is no other information relating to Mr. Sze Wing Chun that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor are there any other matters concerning Mr. Sze Wing Chun that needs to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



Fusen Pharmaceutical Company Limited

福森藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1652)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**AGM**”) of Fusen Pharmaceutical Company Limited (the “**Company**”) will be held at 7/F., Nexxus Building, 77 Des Voeux Road Central, Hong Kong, on Tuesday, 30 June 2020 at 12:15 p.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and adopt the audited consolidated financial statements of the Company, the reports of the directors and the independent auditors of the Company for the year ended 31 December 2019.
2.
 - (a) To re-elect Mr. Cao Changcheng as executive director of the Company;
 - (b) To re-elect Mr. Hou Taisheng as executive director of the Company;
 - (c) To re-elect Mr. Sze Wing Chun as independent non-executive director of the Company; and
 - (d) To authorise the board of directors of the Company to fix the remuneration of directors.
3. To re-appoint Messrs. KPMG as auditors of the Company and to authorise the board of directors of the Company to fix the auditors’ remuneration for the ensuing year.
4. To declare a final dividend of RMB0.37 cents per ordinary share for the year ended 31 December 2019.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) subject to paragraph (c) below and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with any unissued shares or securities in the capital of the Company and to make or grant offers and agreements which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the directors of the Company during the Relevant Period (as hereinafter defined) to make or grant offers and agreements which might require the exercise of such power after the end of the Relevant Period (as hereinafter defined);
- (c) the total number of Shares or securities allotted or issued or conditionally or unconditionally agreed to be allotted or issued (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of the subscription rights attaching to any convertible securities or similar rights which may be issued by the Company from time to time; or (iii) an issue of shares upon the exercise of options which may be granted under any option scheme or similar arrangement for the time being adopted or to adopt for the grant or issue to officers, employees and/or directors of the Company and/or any of its subsidiaries of shares or rights to acquire shares; or (iv) any scrip dividend scheme or similar arrangement providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares in accordance with the articles of association of the Company; or (v) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20% of the total number of Shares in issue as at the date of passing of this Resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this resolution) and the said approval shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this resolution,

“Relevant Period” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution; and

“Rights Issue” means an offer of Shares or issue of options, warrants or other securities by way of rights to subscribe for Shares, open for a period fixed by the directors of the Company to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities), subject in all cases to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company.”

6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT:

- (a) subject to paragraph (b) below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase securities of the Company on the Stock Exchange or any other stock exchange of which the shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, subject to and in accordance with all applicable laws and/or the requirements of the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

(b) the total number of the Shares repurchased by the Company pursuant to the approval in paragraph (a) above during the Relevant Period (as hereinafter defined) shall not exceed 10% of the total number of shares of the Company in issue as at the date of passing this Resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this resolution) and the authority granted pursuant to paragraph (a) above shall be limited accordingly; and

(c) for the purposes of this Resolution,

“**Relevant Period**” means the period from the passing of this Resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the directors of the Company by this Resolution.”

7. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** subject to the passing of the Resolutions nos. 5 and 6 set out in the notice convening this meeting, the general mandate granted to the directors of the Company and for the time being in force to exercise the powers of the Company to allot, issue and deal with any unissued Shares or securities pursuant to Resolution no. 5 set out in the notice convening this meeting be and is hereby extended by the addition to the total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to such general mandate of an amount representing the total number of Shares repurchased by the Company under the authority granted pursuant to Resolution no. 6 set out in the notice convening this meeting, provided that such extended amount shall not exceed 10% of total number of Shares in issue as at the date of passing of the said Resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this resolution).”

NOTICE OF ANNUAL GENERAL MEETING

8. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT:**

- (a) the extension of the exercise period of the 16,000,000 share options granted on 19 July 2019 by the Company (the “**Outstanding Options**”) under the share option scheme adopted by the Company on 14 June 2018 and having an exercise price of HK\$3.098 per ordinary share of the Company for the period from 19 July 2020 to 13 June 2028 be and is hereby approved; and
- (b) any one director of the Company be and is/are hereby authorised for and on behalf of the Company to sign, execute, perform and deliver all such other instruments, deeds, documents and agreements and do such acts or things and take all such steps as he or she may in his or her absolute discretion consider to be necessary, desirable, appropriate or expedient to implement and/or give effect to the extension of exercise period of the Outstanding Options and all matters incidental to, ancillary to or in connection with the matters contemplated therein.”

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

Hong Kong, 22 May 2020

*Headquarter and Principal place of
business in China:*

Urban Industrial Zone
Xichuan County, Henan Province
China
(中國河南省淅川縣城區工業園區)

*Place of business in Hong Kong registered
under Part 16 of the Companies Ordinance:*

29/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai
Hong Kong

Registered Office:

PO Box 1350
Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (1) A shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead. A proxy need not be a shareholder of the Company.
- (2) In order to be valid, a proxy form and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the AGM or the adjourned meeting (as the case may be).
- (3) Completion and return of the proxy form will not preclude shareholders of the Company from attending and voting in person at the AGM, or any adjourned meeting, should they so wish.
- (4) The register of members will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 23 June 2020.
- (5) Subject to the approval of shareholders at the AGM, the register of members of the Company will be closed from Tuesday, 7 July 2020 to Thursday, 9 July 2020, both days inclusive, during which period, no transfer of Shares will be registered. The proposed final dividend will be payable to shareholders whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Thursday, 9 July 2020 being the record date for determination of entitlement to the final dividend. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 6 July 2020.
- (6) The Board recommends the payment of a final dividend of RMB0.37 cents per ordinary share for the year ended 31 December 2019, totalling RMB2,960,000 (equivalent to HK\$0.40 cents by adopting the prevailing exchange rate on 31 March 2020 set by the People's Bank of China).
- (7) With regard to Resolution no. 2 in this notice, the board of directors of the Company proposes that the directors of the Company, namely Mr. Cao Changcheng, Mr. Hou Taisheng and Mr. Sze Wing Chun be re-elected as directors of the Company. Particulars of the said directors of the Company are set out in Appendix II to the circular to the shareholders of the Company dated 22 May 2020.
- (8) An explanatory statement containing further details regarding Resolution no. 6 as required by the Stock Exchange is set out in Appendix I to the circular to the shareholders of the Company dated 22 May 2020.
- (9) Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on the Stock Exchange, all votes of shareholders at the AGM will be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The Company will announce the results of the poll in the matter prescribed under Rule 13.39(5) of the Listing Rules.

As at the date of this notice, 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.