

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,
DECLARATION OF FINAL DIVIDEND,
AMENDMENTS TO THE MEMORANDUM AND THE ARTICLES,
ADOPTION OF THE AMENDED AND RESTATED MEMORANDUM
AND ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the AGM of Fusen Pharmaceutical Company Limited to be held at Units 5906–5912, 59th Floor, The Center, 99 Queen's Road Central, Hong Kong on Tuesday, 31 May 2022 at 11:00 a.m. is set out on pages 29 to 34 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 AGM or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the AGM, or any adjourned meeting, should they so wish and in such event, the proxy form previously submitted shall be deemed to be revoked.

PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING

Measures will be taken to prevent and control the spread of the coronavirus disease 2019 ("COVID-19") at the AGM, including:

- compulsory body temperature checks and health declarations
- compulsory 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.

29 April 2022

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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 Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong on Tuesday, 31 May 2022 at 11:00 a.m.
“Amended and Restated Memorandum and Articles of Association”	the second amended and restated memorandum and articles of association of the Company incorporating and consolidating all the proposed amendments set out in Appendix III to this circular, which are proposed to be adopted by the Company at the AGM
“Articles”	the articles of association of the Company as amended from time to time
“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”	20 April 2022, 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
“Memorandum”	the memorandum of association of the Company as amended from time to time
“Option(s)”	a right to subscribe for Shares granted pursuant to the terms of the Share Option Scheme

DEFINITIONS

“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 (which for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“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
“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 COVID-19 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) Each attendee inside the meeting venue shall 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 in Hong Kong, Computershare Hong Kong Investor Service Limited, as follows:

Address: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

Tel: (852) 2862 8555

Website: www.computershare.com/hk/contact

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
Mr. Hou Taisheng
Ms. Meng Qingfen
Mr. Chi Yongsheng

Registered office:

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Independent non-executive Directors:

Mr. Sze Wing Chun
Mr. Lee Kwok Tung, Louis
Dr. To Kit Wa

*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

29 April 2022

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,
DECLARATION OF FINAL DIVIDEND,
AMENDMENTS TO THE MEMORANDUM AND THE ARTICLES,
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AND
NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

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, the re-appointment of auditors, the declaration of final dividend and the proposed amendments to the Memorandum and the Articles and to seek your approval at the AGM in connection with, inter alia, the aforesaid proposals.

ISSUE MANDATE

On 26 May 2021, 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 or other securities 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 769,934,000 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 153,986,800 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 26 May 2021, 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 769,934,000 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 76,993,400 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.

LETTER FROM THE BOARD

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 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 Dr. To Kit Wa.

Pursuant to Article 108 of the Articles of Association, Mr. Hou Taisheng, Mr. Chi Yongsheng and Mr. Sze Wing Chun will retire at the AGM and will, being 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.

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.

The Nomination Committee had, among other things, having regard to the Board Diversity Policy, evaluated the skills, experience, background, expertise and performance of each of Mr. Hou Taisheng, Mr. Chi Yongsheng and Mr. Sze Wing Chun during the period from respective dates of appointment to 31 December 2021 and found their performance satisfactory.

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.

LETTER FROM THE BOARD

In view of the knowledge, experience and skills of Mr. Sze Wing Chun in auditing and financial accounting, the Board believes that his expertise will enable him to fulfill his role as independent non-executive Director 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.

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.

DECLARATION OF FINAL DIVIDEND

The Board recommends the payment of a final dividend of RMB0.34 cents per Share for the year ended 31 December 2021 (equivalent to HK\$0.42 cents by adopting the prevailing exchange rate on 23 March 2022 set by the People's Bank of China) (2020: RMB0.46 cents) to the Shareholders whose names appear on the register of members of the Company on Tuesday, 14 June 2022. The final dividends are expected to be paid in Hong Kong dollars on or before Thursday, 30 June 2022.

PROPOSED AMENDMENTS TO THE MEMORANDUM AND THE ARTICLES AND ADOPTION OF THE AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 25 April 2022. The Board proposes to seek approval from the Shareholders at the AGM for amendments to the Memorandum and the Articles, the provisions of which will principally conform with the core shareholder protection standards set out in Appendix 3 to the Listing Rules and make other updates and housekeeping changes. The Company will also seek approval from the Shareholders at the AGM for the adoption of the Amended and Restated Memorandum and Articles of Association.

The proposed amendments to the Memorandum and the Articles are subject to the approval of the Shareholders by way of special resolution at the AGM. Details of the proposed amendments to the Memorandum and the Articles are set out in Appendix III to this circular.

LETTER FROM THE BOARD

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(a) for determining eligibility to attend and vote at the 2022 Annual General Meeting:

Latest time to lodge transfer documents for registration:	4:30 p.m., Tuesday, 24 May 2022
Closure of register of members:	Wednesday, 25 May 2022 to Tuesday, 31 May 2022 (both days inclusive)
Record date:	Tuesday, 31 May 2022

(b) for determining entitlement to the proposed final dividend:

Latest time to lodge transfer documents for registration:	4:30 p.m., Wednesday, 8 June 2022
Closure of register of members:	Thursday, 9 June 2022 to Tuesday, 14 June 2022 (both days inclusive)
Record date:	Tuesday, 14 June 2022

In order to be eligible to attend and vote at the AGM and to qualify for the proposed final dividend, all transfer of share(s), accompanied by the relevant share certificate(s) with the properly completed transfer from(s) either overleaf or separately, must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than the respective latest dates and time set out above.

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, the declaration of final dividend and the proposed amendments to the Memorandum and the Articles is set out on pages 29 to 34 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.

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

LETTER FROM THE BOARD

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 to amend the Memorandum and the Articles on the terms as set out in Appendix III to this circular 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 769,934,000 Shares in issue at the Latest Practicable Date, could result in up to 76,993,400 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 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 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 approximately 64.08% 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 71.20% 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 REPURCHASE MADE BY THE COMPANY

During the six months prior to the Latest Practicable Date, the Company has repurchased a total of 10,795,000 Shares.

Details of the repurchase of Shares are as follows:

Date of repurchase	Number of Shares repurchased	Price per Share		Aggregate consideration (excluding expenses) HK\$'000
		Highest HK\$	Lowest HK\$	
December 2021	4,935,000	1.45	1.01	6,004
January 2022	3,431,000	1.30	1.11	4,222
March 2022	371,000	1.07	1.03	393
April 2022	2,058,000	1.02	0.93	2,024

The above repurchases of Shares were made by the Directors pursuant to the general mandate granted by the Shareholders at the annual general meeting held of the Company on 26 May 2021 with a view to benefiting the Shareholders as a whole by enhancing the net asset value per Share and earnings per Share.

Save as disclosed above, the Company has not purchased any Shares (whether on Stock Exchange or otherwise) in the previous 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 HK\$	Lowest Traded Price HK\$
May 2021	4.70	3.25
June 2021	3.60	2.65
July 2021	3.35	1.50
August 2021	2.60	2.25
September 2021	3.48	2.23
October 2021	3.00	2.46
November 2021	2.74	2.26
December 2021	2.40	0.97
January 2022	1.40	1.10
February 2022	1.25	1.06
March 2022	1.12	0.85
April 2022 (the Latest Practicable Date)	1.03	0.93

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

1. Mr. Hou Taisheng

Mr. Hou Taisheng (侯太生先生), aged 59, is an executive Director of the Company. Mr. Hou joined the Group in October 2003 as a director and vice president of Henan Fusen. Mr. Hou is primarily responsible for general management and overseeing the sales and marketing of the Group. He has over 20 years of experience in the pharmaceutical industry in the PRC. Prior to joining the Group, Mr. Hou was the deputy general manager of Henan Xichuan Pharmaceutical, a state-owned enterprise established in the PRC principally carrying on the pharmaceutical business, from March 2002 to October 2003.

He 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, 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 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.

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.

2. Mr. Chi Yongsheng

Mr. Chi Yongsheng (遲永勝先生), aged 60, is an executive Director. Mr. Chi joined the Group in October 2003 as a director and vice president of Henan Fusen. Mr. Chi is primarily responsible for overseeing the financial operation of the Group. He has over 23 years of experience in the pharmaceutical industry in PRC. Prior to joining the Group, Mr. Chi worked in Henan Xichuan Pharmaceutical, a state-owned enterprise established in the PRC principally carrying on the pharmaceutical business, from 1995 to October 2003. Mr. Chi was responsible for the audit work in Henan Xichuan Pharmaceutical and he was promoted to manage the finance department in 2000.

Mr. Chi obtained an Associate Degree of Business Management from the Henan Agricultural University (河南農業大學) in July 1994 through an off-the-job learning programme.

Save as disclosed above, to the best of the knowledge of the Directors having made all reasonable enquiries, (i) Mr. Chi Yongsheng has not held any other directorships in the last three years in any listed public company in Hong Kong or overseas; (ii) Mr. Chi Yongsheng is not related to any Directors, senior management, substantial shareholders or controlling shareholders of the Company; (iii) Mr. Chi Yongsheng 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. Chi Yongsheng that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, nor are there any other matters concerning Mr. Chi Yongsheng that needs to be brought to the attention of the Shareholders.

3. Mr. Sze Wing Chun

Mr. Sze Wing Chun (施永進先生), aged 45, was appointed as our independent non-executive Director on June 14, 2018. Mr. Sze 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 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 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 has over 21 years of experience in auditing, accounting and taxation.

Mr. Sze is currently an independent non-executive director of Pangaea Connectivity Technology Limited (listed on the Main Board of the Stock Exchange, stock code: 1473).

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.

The following are the changes to the existing Memorandum and the existing Articles as introduced by the Amended and Restated Memorandum and Articles of Association. Unless otherwise specified, clauses, paragraphs and numbers referred to herein are clauses, paragraphs and numbers of the Amended and Restated Memorandum and Articles of Association:

Memorandum number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Memorandum)
2.	The registered office will be situate at the offices of Esteria Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108 <u>Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY-1108</u> , Cayman Islands or at such other place in the Cayman Islands as the Directors may from time to time decide.
5.	If the Company is registered as an exempted company as defined in the Cayman Islands Companies Law Act , it shall have the power, subject to the provisions of the Cayman Islands Companies Law Act and with the approval of a special resolution, to continue as a body incorporated under the laws of any jurisdiction outside of the Cayman Islands and to be de-registered in the Cayman Islands.
Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
1(a).	Table “A” of the Companies Law Act (as revised) shall not apply to the Company
1(b).	<p>“Companies Law Act” means the Companies Law Act (as revised) of the Cayman Islands as amended from time to time and every other act, order regulation or other instrument having statutory effect (as amended from time to time) for the time being in force in the Cayman Islands applying to or affecting the Company, the Memorandum of Association and/or the Articles of Association;</p> <p>“Registered Office” means the registered office of the Company for the time being as required by the Companies Law Act</p>

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
1(c)(iii).	subject to the foregoing provisions of this Article, any words or expressions defined in the Companies Law <u>Act</u> (except any statutory modification thereof not in force when these Articles become binding on the Company) shall bear the same meaning in these Articles, save that “company” shall where the context permits include any company incorporated in the Cayman Islands or elsewhere; and
1(e).	A resolution shall be an Ordinary Resolution when it has been passed by a simple majority of such Shareholders as, being entitled so to do, vote in person or, where proxies are allowed, by proxy or, in the case of any Shareholder being a corporation, by its duly authorised representative at a general meeting held in accordance with these Articles and of which not less than 14 days’ notice has been duly given.
5(a).	If at any time the share capital of the Company is divided into different classes of Shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Law <u>Act</u> , be varied or abrogated either with the consent in writing of the holders of not less than $\frac{3}{4}$ in nominal value of the issued Shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall <i>mutatis mutandis</i> apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons holding (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or representing by proxy one-third in nominal value of the issued Shares of that class, that the quorum for any meeting adjourned for want of quorum shall be two Shareholders present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy (whatever the number of Shares held by them) and that any holder of Shares of the class present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy may demand a poll.
8.	Any new Shares shall be issued upon such terms and conditions and with such rights, privileges or restrictions attached thereto as the general meeting resolving upon the creation thereof shall direct, and if no direction be given, subject to the provisions of the Companies Law <u>Act</u> and of these Articles, as the Board shall determine; and in particular such Shares may be issued with a preferential or qualified right to participate in Dividends and in the distribution of assets of the Company and with a special right or without any right of voting.

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
11(a).	All unissued Shares and other securities of the Company shall be at the disposal of the Board and it may offer, allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times, for such consideration and generally on such terms (subject to Article 9) as it in its absolute discretion thinks fit, but so that no Shares shall be issued at a discount. The Board shall, as regards any offer or allotment of Shares, comply with the provisions of the Companies Law Act, if and so far as such provisions may be applicable thereto.
12(a).	The Company may at any time pay commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any Shares, but so that the conditions and requirements of the Companies Law Act shall be observed and complied with, and in each case the commission shall not exceed 10% of the price at which the Shares are issued.
12(b)	If any Shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable within a period of one year, the Company may pay interest on so much of that share capital as is for the time being paid up for the period and, subject to any conditions and restrictions mentioned in the Companies Law Act, may charge the sum so paid by way of interest to capital as part of the cost of construction of the works or buildings, or the provisions of the plant.
13(d).	sub-divide its Shares or any of them into Shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law Act, and so that the resolution whereby any Share is sub-divided may determine that, as between the holders of the Shares resulting from such sub-division, one or more of the Shares may have any such preferred or other special rights over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new Shares;

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
15(a).	<p>Subject to the Companies Law<u>Act</u>, or any other law or so far as not prohibited by any law and subject to any rights conferred on the holders of any class of Shares, the Company shall have the power to purchase or otherwise acquire all or any of its own Shares (which expression as used in this Article includes redeemable Shares) provided that the manner and terms of purchase have first been authorised by an Ordinary Resolution of the Shareholders, and to purchase or otherwise acquire warrants and other securities for the subscription or purchase of its own Shares, and shares and warrants and other securities for the subscription or purchase of any shares in any company which is its Holding Company and may make payment therefor in any manner and terms authorised or not prohibited by law, including out of capital, or to give, directly or indirectly, by means of a loan, a guarantee, an indemnity, the provision of security or otherwise howsoever, financial assistance for the purpose of or in connection with a purchase or other acquisition made or to be made by any person of any Shares or warrants or other securities in the Company or any company which is a Holding Company of the Company and should the Company purchase or otherwise acquire its own Shares or warrants or other securities neither the Company nor the Board shall be required to select the Shares or warrants or other securities to be purchased or otherwise acquired rateably or in any other manner and terms as between the holders of Shares or warrants or other securities of the same class or as between them and the holders of Shares or warrants or other securities of any other class or in accordance with the rights as to Dividends or capital conferred by any class of Shares provided always that any such purchase or other acquisition or financial assistance shall only be made in accordance with the relevant code, rules or regulations issued from time to time by the HK Stock Exchange and/or the Securities and Futures Commission of Hong Kong from time to time in force.</p>
15(b).	<p>Subject to the provisions of the Companies Law<u>Act</u> and the Memorandum of Association of the Company, and to any special rights conferred on the holders of any Shares or attaching to any class of Shares, Shares may be issued on the terms that they may, at the option of the Company or the holders thereof, be liable to be redeemed on such terms and in such manner, including out of capital, as the Board may deem fit.</p>
15(c).	<p>Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available. <u>[Reserved]</u>.</p>

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
17(a).	The Board shall cause to be kept the Register and there shall be entered therein the particulars required under the Companies Law Act.
17(b).	Subject to the provisions of the Companies Law Act, if the Board considers it necessary or appropriate, the Company may establish and maintain a principal or branch register of Shareholders at such location as the Board thinks fit and, during the Relevant Period, the Company shall keep its principal or a branch register of Shareholders in Hong Kong.
17(d).	The Register may be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine. <u>The period of thirty (30) days may be extended in respect of any year if approved by the Shareholders by Ordinary Resolution in that year provided that such period shall not be extended beyond sixty (60) days (or such other period as may be prescribed under any applicable law) in any year.</u>
18(a).	Every person whose name is entered as a Shareholder in the Register shall be entitled to receive within the relevant time limit as prescribed in the Companies Law Act or as the HK Stock Exchange may from time to time determine, whichever is shorter, after allotment or lodgement of a transfer (or within such other period as the conditions of issue shall provide or is required by the applicable rules of the stock exchange of the Relevant Territory) one certificate for all his Shares, or, if he shall so request, in a case where the allotment or transfer is of a number of Shares in excess of the number for the time being forming a stock exchange board lot for the purposes of the stock exchange of the Relevant Territory on which the Shares are listed upon payment of such sum (in the case of a transfer, not exceeding in the case of any share capital listed on a stock exchange in Hong Kong, HK\$2.50 or such other sum as may from time to time be allowed or not prohibited under the Listing Rules, and in the case of any other Shares, such sum in such currency as the Board may from time to time determine to be reasonable in the territory in which the relevant Register is situated, or otherwise such other sum as the Company may by Ordinary Resolution determine) for every certificate after the first as the Board may from time to time determine, such number of certificates for Shares in stock exchange board lots or whole multiples thereof as he shall request and one for the balance (if any) of the Shares in question, provided that in respect of a Share or Shares held jointly by several persons the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of the joint holders shall be sufficient delivery to all such holders.

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
35.	No Shareholder shall be entitled to receive any Dividend or bonus or to be present or vote (save as proxy or authorised representative for another Shareholder) at any general meeting, either personally, or (save as proxy or authorised representative for another Shareholder) by proxy, or be reckoned in a quorum, or to exercise any other privilege as a Shareholder until all calls or instalments due from him to the Company, whether alone or jointly or jointly and severally with any other person, together with interest and expenses (if any) shall have been paid. <u>All Shareholders shall have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a Shareholder is required, by the Listing Rules or the rules, codes or regulations of any competent regulatory authority, to abstain from voting to approve the matter under consideration.</u>
39.	Subject to the Companies Law Act, all transfers of Shares shall be effected by transfer in writing in the usual or common form or in such other form as the Board may accept provided always that it shall be in such a form prescribed by the HK Stock Exchange and may be under hand only or, if the transferor or transferee is a Clearing House (or its nominee(s)), under hand or by machine imprinted signature or by such other means of execution as the Board may approve from time to time.
41(c).	Notwithstanding anything contained in these Articles, the Company shall as soon as practicable and on a regular basis record in the principal Register all removals of Shares effected on any branch Register and shall at all times maintain the principal Register and all branch Registers in all respects in accordance with the Companies Law Act.
62.	At all times during the Relevant Period other than the year of the Company's adoption of these Articles, the Company shall in each <u>financial</u> year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; <u>and such annual general meeting must be held within six (6) months after the end of the Company's financial year (unless a longer period would not infringe the Listing Rules, if any).</u> and not more than 15 Months (or such longer period as may be authorised by the HK Stock Exchange) shall elapse between the date of one general meeting of the Company and that of the next. The annual general meeting shall be held in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meetings.

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
64.	<p>The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business <u>or resolution</u> specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.</p>
65.	<p>An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and <u>all other a general meetings of the Company (including an extraordinary general meeting)</u> other than an annual general meeting, shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day, the hour and the agenda of the meeting and particulars of the resolutions to be considered at that meeting and in case of special business (as defined in Article 67), the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting, to such persons as are, under these Articles, entitled to receive such notices from the Company, provided that a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this Article be deemed to have been duly called if it is so agreed:</p>

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
88.	<p>The instrument appointing a proxy and, if requested by the Board, the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority shall be deposited at such place or one of such places (if any) as is specified in the notice of meeting or in the instrument of proxy issued by the Company (or, if no place is specified, at the Registration Office) not less than 48 hours before the time for holding the meeting or adjourned meeting (as the case may be) at which the person named in such instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 Months from the date of its execution, except at an adjourned meeting where the meeting was originally held within 12 Months from such date. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person (or in the case of a Shareholder being a corporation, its duly authorised representative) at the meeting concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.</p>
96.	<p>The number of Directors shall not be less than two (2). The Company shall keep at its Registered Office a register of its directors and officers in accordance with the Companies Law<u>Act</u>.</p>
104(b).	<p>Except as would, if the Company were a company incorporated in Hong Kong, be permitted by the Companies Ordinance as in force at the date of adoption of these Articles, and except as permitted under the Companies Law<u>Act</u>, the Company shall not directly or indirectly:</p>
112.	<p>The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number <u>as may be</u> determined from time to time by the Shareholders in general meeting. Any Director <u>so</u> appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.</p>

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
116.	The Board may raise or secure the payment or repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular but subject to the provisions of the Companies Law <u>Act</u> , by the issue of debentures, debenture stock, bonds or other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
119.	The Directors shall cause a proper register to be kept, in accordance with the provisions of the Companies Law <u>Act</u> , of all mortgages and charges specifically affecting the property of the Company and shall duly comply with such provisions of the Companies Law <u>Act</u> with regard to the registration of mortgages and charges as may be specified or required.
127.	The business of the Company shall be managed by the Board who, in addition to the powers and authorities by these Articles expressly conferred upon it, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not hereby or by the Companies Law <u>Act</u> expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law <u>Act</u> and of these Articles and to any regulations from time to time made by the Company in general meeting not being inconsistent with such provisions or these Articles, provided that no regulation so made shall invalidate any prior act of the Board which would have been valid if such regulation had not been made.
133.	The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit and may determine the quorum necessary for the transaction of business. Unless otherwise determined two Directors shall be a quorum. For the purpose of this Article an alternate Director shall be counted in a quorum separately in respect of himself (if a Director) and in respect of each Director for whom he is an alternate and his voting rights shall be cumulative and he need not use all his votes or cast all his votes in the same way. A meeting of the Board or any committee of the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
144.	The Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may, without prejudice to his right under any contract with the Company, be removed by the Board. Anything by the Companies Law <u>Act</u> or these Articles required or authorised to be done by or to the Secretary, if the office is vacant or there is for any other reason no Secretary capable of acting, may be done by or to any assistant or deputy Secretary, or if there is no assistant or deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specifically on behalf of the Board.
145.	The Secretary shall attend all meetings of the Shareholders and shall keep correct minutes of such meetings and enter the same in the proper books provided for the purpose. He shall perform such other duties as are prescribed by the Companies Law <u>Act</u> and these Articles, together with such other duties as may from time to time be prescribed by the Board.
146.	A provision of the Companies Law <u>Act</u> or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of the Secretary.
147(a).	Subject to the Companies Law <u>Act</u> , the Company shall have one or more Seals as the Board may determine, and may have a Seal for use outside the Cayman Islands. The Board shall provide for the safe custody of each Seal, and no Seal shall be used without the authority of the Board or a committee authorised by the Board in that behalf.
153(a).	The Company in general meeting may, upon the recommendation of the Board, resolve to capitalise any sum standing to the credit of any of the Company's reserve accounts which are available for distribution (including its share premium account and capital redemption reserve fund, subject to the Companies Law <u>Act</u>) and to appropriate such sums to the holders of Shares on the Register at the close of business on the date of the relevant resolution (or such other date as may be specified therein or determined as provided therein) in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of Dividend and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid.

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
153(b).	Subject to the Companies Law <u>Act</u> , whenever such a resolution as aforesaid shall have been passed, the Board shall make all appropriations and applications of the reserves or profits and undivided profits resolved to be capitalised thereby, and attend to all allotments and issues of fully paid Shares, debentures, or other securities and generally shall do all acts and things required to give effect thereto. For the purpose of giving effect to any resolution under this Article, the Board may settle any difficulty which may arise in regard to a capitalisation issue as it thinks fit, and in particular may disregard fractional entitlements or round the same up or down and may determine that cash payments shall be made to any Shareholders in lieu of fractional entitlements or that fractions of such value as the Board may determine may be disregarded in order to adjust the rights of all parties or that fractional entitlements shall be aggregated and sold and the benefit shall accrue to the Company rather than to the Shareholders concerned, and no Shareholders who are affected thereby shall be deemed to be, and they shall be deemed not to be, a separate class of Shareholders by reason only of the exercise of this power. The Board may authorise any person to enter on behalf of all Shareholders interested in a capitalisation issue any agreement with the Company or other(s) providing for such capitalisation and matters in connection therewith and any agreement made under such authority shall be effective and binding upon all concerned. Without limiting the generality of the foregoing, any such agreement may provide for the acceptance by such persons of the Shares, debentures or other securities to be allotted and distributed to them respectively in satisfaction of their claims in respect of the sum so capitalised.
154.	Subject to the Companies Law <u>Act</u> and these Articles, the Company in general meeting may declare Dividends in any currency but no Dividends shall exceed the amount recommended by the Board.
156(a).	No Dividend shall be declared or paid or shall be made otherwise than in accordance with the Companies Law <u>Act</u> .

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
156(b).	Subject to the provisions of the Companies Law <u>Act</u> but without prejudice to paragraph (a) of this Article, where any asset, business or property is bought by the Company as from a past date (whether such date be before or after the incorporation of the Company) the profits and losses thereof as from such date may at the discretion of the Board in whole or in part be carried to revenue account and treated for all purposes as profits or losses of the Company, and be available for Dividend accordingly. Subject as aforesaid, if any Shares or securities are purchased cum Dividend or interest, such Dividend or interest may at the discretion of the Board be treated as revenue, and it shall not be obligatory to capitalise the same or any part thereof or to apply the same towards reduction of or writing down the book cost of the asset, business or property acquired.
171.	The Board shall make or cause to be made such annual or other returns or filings as may be required to be made in accordance with the Companies Law <u>Act</u> .
172.	The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place; and of the assets and liabilities of the Company and of all other matters required by the Companies Law <u>Act</u> necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.
174.	No Shareholder (not being a Director) or other person shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Law <u>Act</u> or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.
176(a).	The Company shall at each annual general meeting <u>by Ordinary Resolution</u> appoint one or more firms of auditors to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board, but if an appointment is not made, the Auditors in office shall continue in office until a successor is appointed. A Director, officer or employee of any such Director, officer or employee shall not be appointed Auditors of the Company. The Board may fill any casual vacancy in the office of Auditors, but while any such vacancy continues the surviving or continuing Auditors (if any) may act. The remuneration of the Auditors shall be fixed by or on the authority of the Company in the annual general meeting <u>by Ordinary Resolution</u> except that in any particular year the Company in general meeting may <u>by Ordinary Resolution</u> delegate the fixing of such remuneration to the Board and the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Board.

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
176(b).	The Shareholders may, at any general meeting convened and held in accordance with these Articles, remove the Auditors by Special <u>Ordinary</u> Resolution at any time before the expiration of the term of office and shall, by Ordinary Resolution, at that meeting appoint new auditors in its place for the remainder of the term.
180(a).	Except where otherwise expressly stated, any notice or document to be given to or by any person pursuant to these Articles shall be in writing or, to the extent permitted by the Companies Law <u>Act</u> and the Listing Rules from time to time and subject to this Article, contained in an electronic communication. A notice calling a meeting of the Board need not be in writing.
180(b).	Except where otherwise expressly stated, any notice or document to be given to or by any person pursuant to these Articles (including any corporate communications within the meaning ascribed thereto under the Listing Rules) may be served on or delivered to any Shareholder either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such Shareholder at his registered address as appearing in the register or by leaving it at that address addressed to the Shareholder or by any other means authorised in writing by the Shareholder concerned or (other than share certificate) by publishing it by way of advertisement in the Newspapers. In case of joint holders of a share, all notices shall be given to that one of the joint holders whose name stands first in the register and notice so given shall be sufficient notice to all the joint holders. Without limiting the generality of the foregoing but subject to the Companies Law <u>Act</u> and the Listing Rules, a notice or document may be served or delivered by the Company to any Shareholder by electronic means to such address as may from time to time be authorised by the Shareholder concerned or by publishing it on a website and notifying the Shareholder concerned that it has been so published.
188.	Subject to the Companies Law <u>Act</u> , a resolution that the Company be wound up by the Court or be wound up voluntarily shall be passed by way of a Special Resolution.

Article number	Provisions in the Amended and Restated Memorandum and Articles of Association (showing changes to existing Articles)
190.	If the Company shall be wound up (in whatever manner) the liquidator may, with the sanction of a Special Resolution and any other sanction required by the Companies Law <u>Act</u> , divide among the Shareholders in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the Shareholders or different classes of Shareholders and the Shareholders within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of Shareholders as the liquidator, with the like sanction, shall think fit, but so that no Shareholder shall be compelled to accept any Shares or other assets upon which there is a liability.
195.	The following provisions shall have effect to the extent that they are not prohibited by and are in compliance with the Companies Law <u>Act</u> :
196.	The following provisions shall have effect at any time and from time to time provided that they are not prohibited by or inconsistent with the Companies Law <u>Act</u> :
<u>197.</u>	<u>Unless otherwise determined by the Directors from time to time, the financial year end of the Company shall be 31 of December in each year.</u>

The Board would like to remind the Shareholders that the English version of the Memorandum and the Articles shall always prevail in case of any discrepancy or inconsistency between English version and its Chinese translation. The proposed amendments are subject to the approval of the Shareholders by way of a special resolution at the AGM.

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 Units 5906–5912, 59th Floor, The Center, 99 Queen’s Road Central, Hong Kong, on Tuesday, 31 May 2022 at 11:00 a.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 2021.
2.
 - (a) To re-elect Mr. Hou Taisheng as executive director of the Company;
 - (b) To re-elect Mr. Chi Yongsheng 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 RMB0.34 cents per ordinary share for the year ended 31 December 2021.

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

SPECIAL RESOLUTION

8. As special business, to consider and, if thought fit, to pass the following resolution as a special resolution of the Company:

“**THAT** the amended and restated memorandum and articles of association of the Company be amended in the manner as set out in the circular of the Company dated 29 April 2022 (the “**Circular**”) and the second amended and restated memorandum and articles of association of the Company in the form of the document marked “A” and produced to the AGM and for the purpose of identification initialed by the chairman of the AGM, which consolidates all the proposed amendments mentioned in the Circular, be approved and adopted as the second amended and restated memorandum and articles of association of the Company in substitution for and to the exclusion of the existing memorandum and articles of association of the Company with immediate effect after the close of the AGM and that any one director of the Company or the company secretary of the Company be and is hereby authorised to do all things necessary to implement the adoption of the second amended and restated memorandum and articles of association of the Company.”

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

Hong Kong, 29 April 2022

*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:

Windward 3
Regatta Office Park
PO Box 1350
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 and in such event, the form of proxy previously submitted shall be deemed to be revoked.
- (4) The register of members will be closed from Wednesday, 25 May 2022 to Tuesday, 31 May 2022, 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, 24 May 2022.
- (5) Subject to the approval of shareholders at the AGM, the register of members of the Company will be closed from Thursday, 9 June 2022 to Tuesday, 14 June 2022, both days inclusive, during which period, no transfer of Shares will be registered. The proposed final dividend will be payable to shareholders of the Company whose names appear on the register of members of the Company after the close of business at 4:30 p.m. on Tuesday, 14 June 2022 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 Wednesday, 8 June 2022.
- (6) The Board recommends the payment of a final dividend of RMB0.34 cents per ordinary share for the year ended 31 December 2021, totalling approximately RMB2,618,000 (equivalent to HK\$0.42 cents by adopting the prevailing exchange rate on 23 March 2022 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. Hou Taisheng, Mr. Chi Yongsheng and Mr. Sze Wing Chum 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 29 April 2022.
- (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 29 April 2022.
- (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 as executive Directors, and Mr. Sze Wing Chun, Mr. Lee Kwok Tung, Louis and Dr. To Kit Wa as independent non-executive Directors.