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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 4 December 2020 and the circular of the Company dated 28 December 2020, in relation to, among other things, (i) the continuing connected transaction under the Existing Master Chinese Medicine Purchase Agreement entered into between Henan Fusen and Fusen Chinese Medicine; and (ii) the continuing connected transaction under the Existing Master Packaging Materials Purchase Agreement entered into between Henan Fusen and Fusen Health.

Renewed Master Chinese Medicine Purchase Agreement

The term of the Existing Master Chinese Medicine Purchase Agreement will expire on 31 December 2023.

The Board announces that on 1 December 2023, Henan Fusen, a wholly-owned subsidiary of the Company, entered into the Renewed Master Chinese Medicine Purchase Agreement with Fusen Chinese Medicine to renew the term of the Existing Master Chinese Medicine Purchase Agreement for a further term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive), pursuant to which Fusen Chinese Medicine agreed to supply, and Henan Fusen agreed to purchase, medicinal herbs for the production of Shuanghuanglian-based cold medicine products of the Group on and subject to the terms and conditions of the Renewed Master Chinese Medicine Purchase Agreement.

Renewed Master Packaging Materials Purchase Agreement

The term of the Existing Master Packaging Materials Purchase Agreement will expire on 31 December 2023.

The Board announces that on 1 December 2023, Henan Fusen entered into the Renewed Master Packaging Materials Purchase Agreement with Fusen Health to renew the term of the Existing Master Packaging Materials Purchase Agreement with Fusen Health for a further term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive), pursuant to which Fusen Health agreed to supply, and Henan Fusen agreed to purchase, printed packaging materials for the packaging of cold medicine products of the Group on and subject to the terms and conditions of the Renewed Master Packaging Materials Purchase Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of Fusen Chinese Medicine and Fusen Health is wholly-owned by Fusen Shiye, a company owned as to approximately 35.08% by Mr. Cao, an executive Director, the Chairman and a controlling Shareholder. Fusen Chinese Medicine and Fusen Health are close associates of Mr. Cao and therefore are connected persons of the Company under Chapter 14A of the Listing Rules. Each of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement and the transactions contemplated thereunder therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios of each of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement calculated under Chapter 14A of the Listing Rules with reference to the respective proposed annual caps exceeds 5%, the transactions contemplated under each of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. The Independent Financial Adviser, Lego Corporate Finance, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

THE EGM

The Company will seek approval from the Independent Shareholders at the EGM for the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the transactions contemplated thereunder and the Proposed Annual Caps in compliance with Chapter 14A of the Listing Rules. An EGM will be convened at which ordinary resolutions will be proposed to consider and, if thought fit, approve the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

A circular of the Company containing, among other things, (i) details of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder; and (iii) the recommendation of the Independent Board Committee regarding the Renewed Master Chinese Medicine Purchase Agreement, the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder to the Independent Shareholders, is expected to be despatched to the Shareholders on or before 22 December 2023.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of the Company dated 4 December 2020 and the circular of the Company dated 28 December 2020, in relation to, among other things, (i) the continuing connected transaction under the Existing Master Chinese Medicine Purchase Agreement entered into between Henan Fusen and Fusen Chinese Medicine; and (ii) the continuing connected transaction under the Existing Master Packaging Materials Purchase Agreement entered into between Henan Fusen and Fusen Health.

1. Renewed Master Chinese Medicine Purchase Agreement

The term of the Existing Master Chinese Medicine Purchase Agreement will expire on 31 December 2023.

The Board announces that on 1 December 2023, Henan Fusen, a wholly-owned subsidiary of the Company, entered into the Renewed Master Chinese Medicine Purchase Agreement with Fusen Chinese Medicine to renew the term of the Existing Master Chinese Medicine Purchase Agreement for a further term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive), pursuant to which Fusen Chinese Medicine agreed to supply, and Henan Fusen agreed to purchase, medicinal herbs for the production of Shuanghuanglian-based cold medicine products of the Group on and subject to the terms and conditions of the Renewed Master Chinese Medicine Purchase Agreement.

Principal terms

The principal terms of the Renewed Master Chinese Medicine Purchase Agreement are as follows:

- Date : 1 December 2023
- Parties : (1) Henan Fusen, a wholly-owned subsidiary of the Company; and
(2) Fusen Chinese Medicine.

As at the date of this announcement, Fusen Chinese Medicine is wholly-owned by Fusen Shiye, a company owned as to approximately 35.08% by Mr. Cao, an executive Director, the Chairman and a controlling Shareholder. Fusen Shiye and Fusen Chinese Medicine are close associates of Mr. Cao and therefore are connected persons of the Company under Chapter 14A of the Listing Rules.

- Scope : Pursuant to the Renewed Master Chinese Medicine Purchase Agreement, Fusen Chinese Medicine agreed to supply, and Henan Fusen agreed to purchase, medicinal herbs for the production of Shuanghuanglian-based cold medicine products of the Group.
- Term : The Renewed Master Chinese Medicine Purchase Agreement has a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive).
- Condition precedent : The Renewed Master Chinese Medicine Purchase Agreement is conditional upon the Renewed Master Chinese Medicine Purchase Agreement, the proposed annual caps and the transactions contemplated thereunder being approved by the Independent Shareholders at the EGM.

Pricing policy

The purchase price of the medicinal herbs will be determined on an order-by-order basis with reference to the prevailing comparable market price after arm's length negotiation between Henan Fusen and Fusen Chinese Medicine from time to time. Henan Fusen will purchase medicinal herbs from Fusen Chinese Medicine on an as-needed basis.

When determining and approving the price and terms of the transactions under the Renewed Master Chinese Medicine Purchase Agreement, Henan Fusen will consider the following:

- (i) the historical transaction amounts paid by the Group for products of similar type, quantity and quality;

- (ii) comparing the purchase price with quotations from not less than three independent suppliers that provide similar products and ensuring that the purchase price shall be no less favourable than the price offered by the independent suppliers supplying products of similar type and quality and shall not be higher than the prevailing market price to ensure that the purchase price payable by Henan Fusen represents the prevailing market price and is on normal commercial terms; and
- (iii) factors such as types of products required, the estimated delivery time, transportation costs, quality and quantity of products and any other factors affecting the products' price.

In the event that the price offered by Fusen Chinese Medicine is less favourable than those offered by the independent suppliers, Henan Fusen will not enter into transactions with Fusen Chinese Medicine.

The above pricing policy will be reviewed by the Directors (including the independent non-executive Directors) on a half-yearly basis.

Henan Fusen and Fusen Chinese Medicine will enter into individual agreements or orders to set out specific terms with respect to the purchase of medicinal herbs under the Renewed Master Chinese Medicine Purchase Agreement in accordance with the principal terms thereunder.

Historical transaction amounts under the Existing Master Chinese Medicine Purchase Agreement

The historical transaction amounts for the two years ended 31 December 2022 and for the ten months ended 31 October 2023 under the Existing Master Chinese Medicine Purchase Agreement were approximately RMB12.1 million, RMB31 million and RMB21.7 million, respectively.

Proposed annual caps under the Renewed Master Chinese Medicine Purchase Agreement

Set out below are the proposed annual caps under the Renewed Master Chinese Medicine Purchase Agreement:

	For the year ending 31 December 2024 <i>RMB (million)</i>	For the year ending 31 December 2025 <i>RMB (million)</i>	For the year ending 31 December 2026 <i>RMB (million)</i>
Proposed annual cap	40.0	45.0	50.0

The following factors were considered when determining the proposed annual caps: (i) the historical purchase prices paid to Fusen Chinese Medicine for the two years ended 31 December 2022 and the level of the Group's recent demand for the medicinal herbs as shown by its recent monthly purchases for the ten months ended 31 October 2023; (ii) the expected growth in demand for Shuanghuanglian-based cold medicine products driven by factors such as aging population in the PRC, improved awareness of personal health and purchasing power of patients, modernisation of the proprietary Chinese medicine industry and national policies regulating the chemical cold medicine market; and (iii) the estimated future growth of the proprietary Chinese medicine and cold medicine market in the PRC.

Reasons for and benefits of entering into the Renewed Master Chinese Medicine Purchase Agreement

The Group has sourced medicinal herbs from Fusen Chinese Medicine since 2012. Fusen Chinese Medicine collaborates with local farmers for the growth of medicinal herbs to ensure sufficient supply of quality medicinal herbs. The plantation bases/farms of Fusen Chinese Medicine and the farmers are all located in and around Xichuan County, Henan Province, the PRC, where, due to its climate, soil and natural resources, is naturally optimal for growing quality *Ionicera japonica* which is one of the major raw materials of the Shuanghuanglian-based cold medicine products. The Group has been satisfied with the quality and timely delivery of the medicinal herbs supplied by Fusen Chinese Medicine and when compared to similar products available from independent suppliers, the prices and terms offered by Fusen Chinese Medicine are fair and reasonable, and are comparable to or better than those offered by independent suppliers.

2. Renewed Master Packaging Materials Purchase Agreement

The term of the Existing Master Packaging Materials Purchase Agreement will expire on 31 December 2023.

The Board announces that on 1 December 2023, Henan Fusen entered into the Renewed Master Packaging Materials Purchase Agreement with Fusen Health to renew the term of the Existing Master Packaging Materials Purchase Agreement with Fusen Health for a further term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive), pursuant to which Fusen Health agreed to supply, and Henan Fusen agreed to purchase, printed packaging materials for the packaging of cold medicine products of the Group on and subject to the terms and conditions of the Renewed Master Packaging Materials Purchase Agreement.

Principal terms

The principal terms of the Renewed Master Packaging Materials Purchase Agreement are as follows:

Date : 1 December 2023

Parties : (1) Henan Fusen, a wholly-owned subsidiary of the Company; and

(2) Fusen Health.

As at the date of this announcement, Fusen Health is wholly-owned by Fusen Shiye, a company owned as to approximately 35.08% by Mr. Cao, an executive Director, the Chairman and a controlling Shareholder. Fusen Shiye and Fusen Health are close associates of Mr. Cao and therefore are connected persons of the Company under Chapter 14A of the Listing Rules.

Scope : Pursuant to the Renewed Master Packaging Materials Purchase Agreement, Fusen Health agreed to supply, and Henan Fusen agreed to purchase, printed packaging materials for the packaging of cold medicine products of the Group.

Term : The Renewed Master Packaging Materials Purchase Agreement has a term of three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive).

Condition precedent : The Renewed Master Packaging Materials Purchase Agreement is conditional upon the Renewed Master Packaging Materials Purchase Agreement, the proposed annual caps and the transactions contemplated thereunder being approved by the Independent Shareholders at the EGM.

Pricing policy

The purchase price of the printed packaging materials under the Renewed Master Packaging Materials Purchase Agreement will be determined on an order-by-order basis with reference to the prevailing comparable market price after arm's length negotiation between Henan Fusen and Fusen Health from time to time. Henan Fusen will purchase printed packaging materials from Fusen Health on an as-needed basis.

When determining and approving the price and terms of the transactions under the Renewed Master Packaging Materials Purchase Agreement, Henan Fusen will consider the following:

- (i) the historical transaction amounts paid by the Group for products of similar type, quantity and quality;
- (ii) the market price of products of similar type, quantity and quality;
- (iii) comparing the purchase price with quotations from not less than three independent suppliers that provide similar products and ensuring that the purchase price shall be no less favourable than the price offered by the independent suppliers supplying products of similar type and quality and shall not be higher than the prevailing market price to ensure that the purchase price payable by Henan Fusen represents the prevailing market price and is on normal commercial terms; and
- (iv) factors such as types of products required, the estimated delivery time, transportation costs, quality and quantity of products and any other factors affecting the products' price.

In the event that the price offered by Fusen Health is less favourable than those offered by the independent suppliers, Henan Fusen will not enter into transactions with Fusen Health.

The above pricing policy will be reviewed by the Directors (including the independent non-executive Directors) on a half-yearly basis.

Henan Fusen and Fusen Health will enter into individual agreements or orders to set out specific terms with respect to the purchase of printed packaging materials under the Renewed Master Packaging Materials Purchase Agreement in accordance with the principal terms thereunder.

Historical transaction amounts under the Existing Master Packaging Materials Purchase Agreement

The historical transaction amounts for the two years ended 31 December 2022 and for the ten months ended 31 October 2023 under the Existing Master Packaging Materials Purchase Agreement were approximately RMB8.8 million, RMB12.9 million and RMB9.84 million, respectively.

Proposed annual caps under the Renewed Master Packaging Materials Purchase Agreement

Set out below are the proposed annual caps under the Renewed Master Packaging Materials Purchase Agreement:

	For the year ending 31 December 2024 RMB (million)	For the year ending 31 December 2025 RMB (million)	For the year ending 31 December 2026 RMB (million)
Proposed annual cap	20.0	25.0	30.0

The following factors were considered when determining the proposed annual caps: (i) the historical purchase prices paid to Fusen Health for the two years ended 31 December 2022 and for the ten months ended 31 October 2023; (ii) the projected future orders based on the expected amount of the printed packaging materials to be purchased from Fusen Health for the three years ending 31 December 2026 taking into account the increasing demand of cold medicine products of the Group which require the use of the printed packaging materials; and (iii) the average historical market price and the anticipated future market price for the relevant printed packaging materials.

Reasons for and benefits of entering into the Renewed Master Packaging Materials Purchase Agreement

The Group has outsourced the production of the printed packaging materials since 2021. The Renewed Master Packaging Materials Purchase Agreement will allow the Group to continue to minimise the management and operational costs of the Group as the Group itself does not have the capacity for mass production of printed packaging materials. The Directors believe that it is economically beneficial to conduct bulk purchase of printed packaging materials from Fusen Health with mass production capacity. Furthermore, Fusen Health has been capable of providing steady and stable supply of quality printed packaging materials at reasonable prices as compared to other local suppliers and in close vicinity to the Group's production base.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, each of Fusen Chinese Medicine and Fusen Health is wholly-owned by Fusen Shiye, a company owned as to approximately 35.08% by Mr. Cao, an executive Director, the Chairman and a controlling Shareholder. Fusen Chinese Medicine and Fusen Health are a close associates of Mr. Cao and therefore are connected persons of the Company under Chapter 14A of the Listing Rules. Each of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios of each of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement calculated under Chapter 14A of the Listing Rules with reference to the respective proposed annual caps exceeds 5%, the transactions contemplated under each of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement will be subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

Mr. Cao, Mr. Hou Taisheng, Mr. Chi Yongsheng and Ms. Meng Qingfen, each being a shareholder of Fusen Shiye and an executive Director, and Mr. Alex Cao, an associate of Mr. Cao and an executive Director, have abstained from voting on the resolution(s) of the Board for approving the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the transactions contemplated thereunder and the Proposed Annual Caps pursuant to the Articles of Association. Other than the abovementioned Directors, the remaining Directors are independent non-executive Directors and none of them has a material interest in the Renewed Master Chinese Medicine Purchase Agreement and/or the Renewed Master Packaging Materials Purchase Agreement, the transactions contemplated thereunder and the Proposed Annual Caps nor is required to abstain from voting on the relevant resolution(s). The independent non-executive Directors will express their views on the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the transactions contemplated thereunder and the Proposed Annual Caps in the circular after considering the advice of the Independent Financial Adviser.

INFORMATION ON THE GROUP AND HENAN FUSEN

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in manufacturing and sale of pharmaceutical products, including but not limited to Shuanghuanglian-based cold medicine. In addition to the offering of core medicine products, the Group also engaged in research and development on, among other things, its products' quality standard and stability, common chronic diseases and other proprietary Chinese medicine products.

Henan Fusen was established in the PRC on 10 October 2003 as a limited liability company, and is a wholly-owned subsidiary of the Company. As the principal operating subsidiary of the Company, it carries on the business of production, sale and research and development of cold medicines, with a particular focus on Shuanghuanglian-based cold medicines.

INFORMATION ON FUSEN CHINESE MEDICINE

Fusen Chinese Medicine was established in the PRC with limited liability on 14 January 2010 and principally carries on the business of trading medicinal herbs, including but not limited to *Ionicera japonica* and baikal skullcap root (黃芩). As at the date of this announcement, Fusen Chinese Medicine is wholly-owned by Fusen Shiye.

INFORMATION ON FUSEN HEALTH

Fusen Health was established in the PRC with limited liability on 13 February 2015 and principally carries on the business of production of dietary supplements and beverages and production of printed packaging materials. As at the date of this announcement, Fusen Health is wholly-owned by Fusen Shiye.

INFORMATION ON FUSEN SHIYE

Fusen Shiye was established in the PRC with limited liability on 29 September 2016 and principally carries on the business of corporate management consultancy services. As at the date of this announcement, Fusen Shiye is owned as to approximately 35.08%, 4.83%, 4.66% and 4.26% by Mr. Cao, Mr. Hou Taisheng, Mr. Chi Yongsheng and Ms. Meng Qingfen (each being an executive Director), respectively.

ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder. The Independent Financial Adviser, Lego Corporate Finance, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the same in accordance with the Listing Rules.

THE EGM

At the EGM, ordinary resolutions will be put forward for the Independent Shareholders to consider and, if appropriate, to approve the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

As at the date of this announcement, Mr. Cao is entitled to exercise and control the exercise of the voting rights attaching to 539,092,000 Shares (representing approximately 71.88% of the total issued share capital of the Company) through (i) Full Bliss (a company wholly-owned by Mr. Cao); (ii) Rayford (a wholly-owned subsidiary of The Core Trust Company Limited, which is a trustee of the Fusen Trust whereby Mr. Cao is entitled to exercise the voting rights as the investment manager at his sole discretion); and (iii) One Victory (a company wholly-owned by Mr. Alex Cao, whereby Mr. Cao was entrusted to exercise the voting rights attaching to the Shares owned by One Victory).

As such, Mr. Cao and his associates (including Full Bliss, Rayford and One Victory) are required to abstain from voting on the relevant resolutions approving the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder at the EGM.

A circular of the Company containing, among other things, (i) details of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder; (ii) the letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder; and (iii) the recommendation of the Independent Board Committee regarding the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder to the Independent Shareholders, is expected to be despatched to the Shareholders on or before 22 December 2023.

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company
“associate(s)”	has its meaning as given to it under the Listing Rules
“Board”	the board of Directors
“Chairman”	the chairman of the Board
“Company”	Fusen Pharmaceutical Company Limited (福森藥業有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1652)
“connected person”	has its meaning as given to it under the Listing Rules
“controlling Shareholder”	has its meaning as given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder

“Existing Master Chinese Medicine Purchase Agreement”	the master purchase agreement dated 4 December 2020 entered into between Henan Fusen as the purchaser and Fusen Chinese Medicine as the supplier for a term of three years and ending on 31 December 2023 in respect of the purchase and supply of medicinal herbs for the production of Shuanghuanglian-based cold medicine products of the Group
“Existing Master Packaging Materials Purchase Agreement”	the master purchase agreement dated 4 December 2020 entered into between Henan Fusen as the purchaser and Fusen Health as the supplier for a term of three years and ending on 31 December 2023 in respect of the purchase and supply of printed packaging materials for the packaging of cold medicine products of the Group
“Full Bliss”	Full Bliss Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder wholly-owned by Mr. Cao as at the date of this announcement
“Fusen Chinese Medicine”	Xichuan Fusen Chinese Medicine Raw Material Plant and Development Limited* (浙川縣福森中藥材種植開發有限公司), a company established in the PRC and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, wholly-owned by Fusen Shiye as at the date of this announcement
“Fusen Health”	Henan Fusen Health Industry Company Limited* (河南福森大健康產業有限公司), a company established in the PRC and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, wholly-owned by Fusen Shiye as at the date of this announcement
“Fusen Shiye”	Henan Fusen Shiye Group Limited* (河南福森實業集團有限公司), a company established in the PRC and to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, owned as to approximately 35.08%, 4.83%, 4.66% and 4.26% by Mr. Cao, Mr. Hou Taisheng, Mr. Chi Yongsheng and Ms. Meng Qingfen (each being an executive Director), respectively as at the date of this announcement

“Fusen Trust”	a trust established by a deed of settlement dated 14 June 2013 between Mr. Alex Cao, who was acting on behalf of and under the authorization and instructions of Mr. Cao, as settlor, and The Core Trust Company Limited, as trustee which is entrusted to hold the entire shareholding of Rayford on trust for certain individual shareholders (including but not limited to Mr. Hou Taisheng, Mr. Chi Yongsheng and Ms. Meng Qingfen, each being an executive Director) as the beneficiaries
“Group”	the Company and its subsidiaries
“Henan Fusen”	Henan Fusen Pharmaceutical Company Limited* (河南福森藥業有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders as to voting at the EGM on, among other things, the resolution approving the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Independent Financial Adviser” or “Lego Corporate Finance”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed Master Chinese Medicine Purchase Agreement and the Renewed Master Packaging Materials Purchase Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders who do not have a material interest in the Renewed Master Chinese Medicine Purchase Agreement and/or the Renewed Master Packaging Materials Purchase Agreement

“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) (has the meaning ascribed to it under the Listing Rules) of the Company and is/are independent of and not connected with the Company and directors, supervisors, chief executive, controlling shareholders and substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Alex Cao”	Mr. Cao Zhiming (曹智銘) (formerly known as Mr. Cao Dudu), an executive Director of the Company and the son of Mr. Cao
“Mr. Cao”	Mr. Cao Changcheng (曹長城), an executive Director, the Chairman, a controlling Shareholder of the Company and the father of Mr. Alex Cao
“One Victory”	One Victory Investments Limited (致凱投資有限公司), a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Alex Cao as at the date of this announcement
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Proposed Annual Caps”	collectively, (i) the proposed annual caps for the annual amounts payable by the Group in the relevant financial periods for the transactions contemplated under the Renewed Master Chinese Medicine Purchase Agreement; and (ii) the proposed annual caps for the annual amounts payable by the Group in the relevant financial periods for the transactions contemplated under the Renewed Master Packaging Materials Purchase Agreement
“Rayford”	Rayford Global Limited, a company incorporated in the British Virgin Islands with limited liability and controlled by Fusen Trust as at the date of this announcement
“Renewed Master Chinese Medicine Purchase Agreement”	the renewed master purchase agreement dated 1 December 2023 entered into between Henan Fusen as the purchaser and Fusen Chinese Medicine as the supplier for three years commencing from 1 January 2024 and ending on 31 December 2026 in respect of the purchase and supply of medicinal herbs for the production of Shuanghuanglian-based cold medicine products of the Group

“Renewed Master Packaging Materials Purchase Agreement”	the renewed master purchase agreement dated 1 December 2023 entered into between Henan Fusen as the purchaser and Fusen Health as the supplier for three years commencing from 1 January 2024 and ending on 31 December 2026 (both days inclusive) in respect of the purchase and supply of printed packaging materials for cold medicine products of the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

* *For identification purposes only*

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

Hong Kong, 1 December 2023

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