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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF INTEREST IN LIMITED LIABILITY PARTNERSHIP AND ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT

The Board is pleased to announce that on 16 April 2024 (after trading hours), Henan Fusen, an indirect wholly-owned subsidiary of the Company as Limited Partner A, entered into the Limited Partnership Agreement with the General Partner and Limited Partner B in relation to the formation of the Limited Liability Partnership. The total capital commitment of Henan Fusen is RMB85,000,000 and will be funded by internal resources of the Group. The Limited Liability Partnership will be engaged in investments business via participating in various potential medical and pharmaceutical related enterprises or projects.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Limited Liability Partnership exceeds 5% but all of them are less than 25%, the formation of the Limited Liability Partnership constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 16 April 2024 (after trading hours), Henan Fusen, an indirect wholly-owned subsidiary of the Company as Limited Partner A, together with the General Partner and Limited Partner B entered into the Limited Partnership Agreement in relation to the formation of the Limited Liability Partnership. The principal terms of the Limited Partnership Agreement are set out as follows:

THE LIMITED PARTNERSHIP AGREEMENT

Date:	16 April 2024
Name of the Limited Liability Partnership:	Shenzhen Jinghe Innovative Investment Limited Liability Partnership* (深圳京合產業創新投資合夥企業(有限合夥))
Term:	10 years
Partners:	<p>(i) China United Innovative (Beijing) Technology Development Company Limited* (中企聯合創新(北京)科技發展有限公司) as General Partner;</p> <p>(ii) Henan Fusen Pharmaceutical Company Limited* (河南福森藥業有限公司), an indirect wholly-owned subsidiary of the Company, as Limited Partner A; and</p> <p>(iii) Qingdao Qiji Electronic Technology Company Limited* (青島啟集電子科技有限公司) as Limited Partner B.</p>

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the General Partner and Limited Partner B and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Capital commitment:

The total capital commitment to the Limited Liability Partnership is RMB125,000,000. Capital contribution will be made by the Partners in cash as follows:

Partners	Capital commitment (RMB)	% of interest in the Limited Liability Partnership
General Partner	10,000,000	8%
Henan Fusen, as Limited Partner A	85,000,000	68%
Limited Partner B	<u>30,000,000</u>	<u>24%</u>
Total	<u><u>125,000,000</u></u>	<u><u>100%</u></u>

The Partners shall contribute their respective capital commitment in full within 12 months from the date of issuance of the business registration certificate for the Limited Liability Partnership in the PRC. The capital commitment of Henan Fusen to the Limited Liability Partnership is expected to be funded by internal resources of the Group.

The amount of capital commitment to be made by the Partners was arrived at after arm's length negotiations and having taken into account the expected capital requirements of the Limited Liability Partnership.

Purpose:

The Limited Liability Partnership will be engaged in investments and establishments of companies across various industries.

Management:

Save for the reserved matters (as disclosed below), management of the operations Limited Liability Partnership shall be vested exclusively in the General Partner. The General Partner is authorised to represent and act on behalf of the Limited Liability Partnership. Limited Partners do not manage the daily operations of the Limited Liability Partnership, but have the right to monitor and oversee the operations of the Limited Liability Partnership. The following reserved matters shall be decided with the unanimous consent of all Partners:

- (i) change of name of the Limited Liability Partnership;

- (ii) change of the business purpose and principal place of business of the Limited Liability Partnership;
- (iii) disposal of landed property(ies) held by the Limited Liability Partnership;
- (iv) transfer or disposal of intellectual property and other assets or rights of the Limited Liability Partnership;
- (v) provision of guarantee or security; and
- (vi) appointment of persons other than the Partners to be responsible for the operation management of the Limited Liability Partnership.

Withdrawal from the Limited Liability Partnership:

The Partners may withdraw from the Limited Liability Partnership in circumstances specified in the Partnership Enterprise Law of the PRC (《中華人民共和國合夥企業法》), which include the following:

- (1) any of the grounds for withdrawal as stipulated in the Limited Partnership Agreement have arisen;
- (2) with the unanimous consent of all Partners;
- (3) when circumstances arise wherein a Partner is unable to continue its participation in the Limited Liability Partnership; and
- (4) material breach of the Limited Partnership Agreement by any other Partner(s).

Dissolution:

The Limited Liability Partnership shall be dissolved and wound up upon occurrence of any of the following events:

- (1) expiry of the term of the Limited Liability Partnership, and the Partners have decided not to extend the term of the Limited Liability Partnership;
- (2) any of the grounds for dissolution as stipulated in the Limited Partnership Agreement have arisen;
- (3) unanimous decision of all the Partners to dissolve the Limited Liability Partnership;
- (4) the number of Partners is below the legally required number for thirty (30) days;

- (5) the business licence of the Limited Liability Partnership has been cancelled or revoked in accordance with the law, or the Limited Liability Partnership is ordered to be terminated; and
- (6) other circumstances of dissolution as required under the applicable laws and regulations.

Distribution:

Profit available for distribution will be distributed to the Partners pro rata in proportion according to their respective paid-up capital contribution. The debts and liabilities of the Limited Liability Partnership shall be allocated among the Partners pro rata in proportion to their respective paid-up capital contribution.

The Group's investment in the Limited Liability Partnership will be accounted for as financial asset at fair value through profit or loss in the Group's financial statements.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE LIMITED LIABILITY PARTNERSHIP

The Group is principally engaged in manufacturing and sale of pharmaceutical products in the PRC and Hong Kong. The Group has endeavoured in exploring opportunities for potential investments for business diversification, with a view to generating revenue and diversifying the sources of return for its Shareholders. The Board believes that the formation of the Limited Liability Partnership represents a good opportunity and would pave the way for the Group to tap into investments in various medical and pharmaceutical related enterprise or projects and leverage on the professional investment management expertise of the General Partner so as to maximise the Group's investment returns.

The Directors consider that the Limited Partnership Agreement were entered into on normal commercial terms after arm's length negotiations between the Partners, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES TO THE LIMITED PARTNERSHIP AGREEMENT

The Group and Henan Fusen

The Company was incorporated in the Cayman Islands with limited liability. It is an investment holding company. The Group is principally engaged in manufacturing and sale of pharmaceutical products in the PRC and Hong Kong. Henan Fusen was established in the PRC on 10 October 2003 as a limited liability company, and is an indirect 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.

General Partner

China United Innovative (Beijing) Technology Development Company Limited* (中企聯合創新(北京)科技發展有限公司), is a company established in the PRC with limited liability. The General Partner is principally engaged in enterprise investments and equity investments. To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, the General Partner is beneficially owned as to 24% by Beijing Youhe Science and Technology Center (Limited Partnership)* (北京優和科技中心(有限合夥)) (“**Beijing Youhe**”), 23% by Enterprise Union International Trade Fund Management (Shenzhen) Company Limited* (企聯國貿基金管理(深圳)有限公司), 13% by Wealth Zhongrong Investment Fund (Beijing) Company Limited* (財富中融投資基金(北京)有限公司), 8% by Shenzhen HYK Gene Technology Company Limited* (深圳華因康基因科技有限公司), 8% by Zhejiang Huahan Technological Development Company Limited* (浙江華瀚科技開發有限公司), 8% by Nanchang Zhaoxian High Technology Company Limited* (南昌昭賢高科技有限公司), 8% by Beijing Era Lingyu Technology Company Limited* (北京時代凌宇科技股份有限公司) and 8% by CISDI Electrical Technology Company Limited* (中冶賽迪電氣技術有限公司).

To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, as at the date of this announcement, Beijing Youhe is owned as to approximately 50%, 25%, 11.67%, 11.25%, 2.08% by Gu Xinzong (顧新忠), Kong Yan (孔焱), Liang Wenzhi (梁文智), Feng Juan (馮娟) and Yu Lebin (喻樂彬), respectively.

Limited Partner B

Qingdao Qiji Electronic Technology Company Limited* (青島啟集電子科技有限公司) is a company established in the PRC with limited liability. Limited Partner B is principally engaged in enterprise investments and equity investments. To the best of the Directors' information, knowledge and belief having made all reasonable enquiries, as at the date of this announcement, Limited Partner B is beneficially owned as to 100% by Zhang Zhifeng (張智豐).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the General Partner and Limited Partner B and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable ratios under Rule 14.07 of the Listing Rules in respect of the Limited Liability Partnership are more than 5% and all of such ratios are below 25%, the formation of the Limited Liability Partnership constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Fusen Pharmaceutical Company Limited, a company incorporated in the Cayman Islands, its shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Partner”	the general partner of the Limited Liability Partnership pursuant to the Limited Partnership Agreement, being China United Innovative (Beijing) Technology Development Company Limited* (中企聯合創新(北京)科技發展有限公司), the details of which are set out in the paragraph headed “INFORMATION OF THE PARTIES INVOLVED INTO THE LIMITED PARTNERSHIP AGREEMENT — General Partner” above in this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Limited Partner(s)”	the limited partner(s) of the Limited Liability Partnership pursuant to the Limited Partnership Agreement, including Limited Partner A and Limited Partner B
“Limited Partnership Agreement”	the limited partnership agreement dated 16 April 2024 entered into between the Partners in relation to, among other things, the formation and management of the Limited Liability Partnership
“Limited Liability Partnership”	Shenzhen Jinghe Innovative Investment Limited Liability Partnership*(深圳京合產業創新投資合夥企業(有限合夥)), a limited partnership to be established under the laws of PRC pursuant to the Limited Partnership Agreement, the name of which is subject to approval of the relevant administration for industry and commerce in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Limited Partner A” or “Henan Fusen”	Henan Fusen Pharmaceutical Company Limited* (河南福森藥業有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company

“Limited Partner B”	a limited partner of the Limited Liability Partnership, being Qingdao Qiji Electronic Technology Company Limited* (青島啟集電子科技有限公司), the details of which are set out in the paragraph headed “INFORMATION OF THE PARTIES INVOLVED INTO THE LIMITED PARTNERSHIP AGREEMENT — Limited Partner B” above in this announcement
“Partner(s)”	the partner(s) of the Limited Liability Partnership pursuant to the Limited Partnership Agreement, including the General Partner and the Limited Partners
“PRC”	the People’s Republic of China, excluding Taiwan, Hong Kong and the Macao Special Administrative Region of the PRC for the purpose of this announcement
“RMB”	Renminbi, the Lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 16 April 2024

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.

* *For identification purpose only*