Fusen Pharmaceutical Company Limited
福森藥業有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1652)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board of directors (the "**Board**") of Fusen Pharmaceutical Company Limited (the "**Company**") hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2025 (the "**Period**" or "**period**"), together with the comparative figures for the corresponding period in 2024.

FINANCIAL HIGHLIGHTS

— Our revenue decreased by approximately 43.3% from approximately RMB196.3 million in the first half of 2024 to approximately RMB111.3 million in the first half of 2025.

— Our gross profit decreased by approximately 59.4% from approximately RMB105.9 million for the first half of 2024 to approximately RMB43.0 million for the first half of 2025.

— Loss attributable to equity shareholders of the Company was approximately RMB23.1 million for the first half of 2025 as compared to loss of approximately RMB36.9 million for the first half of 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2025 — unaudited
(Expressed in Renminbi (RMB)'000 unless otherwise indicated)

	Note	**Six months ended 30 June** **2025** ***RMB'000***	2024 *RMB'000*
Revenue	*4*	**111,286**	196,322
Cost of sales		**(68,296)**	(90,450)
Gross profit		**42,990**	105,872
Other net (loss)/income		**(2,970)**	3,080
Selling and distribution expenses		**(30,595)**	(52,218)
General and administrative expenses		**(14,736)**	(36,214)
Research and development expenses		**(14,883)**	(57,059)
Loss from operations		**(20,194)**	(36,539)
Finance income		**587**	19
Finance costs		**(8,403)**	(7,375)
Net finance costs		**(7,816)**	(7,356)
Share of earnings/(loss) of a joint venture		**9,396**	(361)
Share of loss of associates		**(4,111)**	(1,069)
Loss before taxation		**(22,725)**	(45,325)
Income tax expenses	*5*	**(411)**	8,376
Loss for the period		**(23,136)**	(36,949)
Other comprehensive income for the period (after tax)			
Item that may be reclassified subsequently to profit or loss			
— Exchange differences on translation of financial statements of the Company and overseas subsidiaries		**15**	(106)
Other comprehensive income for the period		**15**	(106)
Total comprehensive income for the period		**(23,121)**	(37,055)
Loss for the period attributable to:			
Equity shareholders of the Company		**(23,136)**	(36,941)
Non-controlling interests		**–**	(8)
		(23,136)	(36,949)
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		**(23,121)**	(37,047)
Non-controlling interests		**–**	(8)
		(23,121)	(37,055)
Loss per share			
Basic (RMB cents)	*6(a)*	**(3)**	(5)
Diluted (RMB cents)	*6(b)*	**(3)**	(5)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025 — unaudited

(Expressed in RMB'000 unless otherwise indicated)

	Note	**30 June 2025** *RMB'000*	31 December 2024 *RMB'000*
Non-current assets			
Investment property		**13,726**	14,280
Other property, plant and equipment		**380,402**	383,655
Right-of-use assets		**234,314**	237,675
Intangible assets		**26,023**	28,135
Interest in a joint venture		**20,055**	10,659
Interest in associates		**19,171**	23,942
Financial assets measured at fair value through profit or loss ("**FVPL**")		**9,243**	9,275
Deferred tax assets		**6,197**	6,637
Other assets		**75,095**	64,291
		784,226	778,549
Current assets			
Inventories		**113,691**	137,082
Trade receivables	*7*	**104,701**	113,878
Prepayments and other receivables	*8*	**154,071**	187,596
Cash and cash equivalents		**75,988**	21,056
		448,451	459,612
Current liabilities			
Trade and bills payables	*9*	**136,846**	123,466
Lease liabilities		**578**	924
Contract liabilities		**12,667**	8,940
Accruals and other payables		**349,989**	330,069
Bank and other loans		**283,352**	303,540
Current taxation		**5,957**	5,506
		789,389	772,445
Net current liabilities		**(340,938)**	(312,833)
Total assets less current liabilities		**443,288**	465,716

	Note	**30 June 2025** *RMB'000*	31 December 2024 *RMB'000*
Non-current liabilities			
Deferred income		**17,311**	18,124
Lease liabilities		**164**	130
Bank and other loans		**80,572**	79,100
		98,047	97,354
Net assets		**345,241**	368,362
Capital and reserves			
Share capital	*10*	**6,179**	6,179
Reserves		**340,371**	363,492
Total equity attributable to equity shareholders of the Company		**346,550**	369,671
Non-controlling interests		**(1,309)**	(1,309)
Total equity		**345,241**	368,362

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB'000 unless otherwise indicated)

1 ORGANISATION AND PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on 18 January 2013 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands.

The Company and its subsidiaries (together, "**the Group**") are principally engaged in manufacturing and sale of pharmaceutical products.

2 BASIS OF PREPARATION

The interim financial results set out in this announcement do not constitute the Group's interim financial report for the six months ended 30 June 2025 but are extracted from that interim financial report.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("**IASB**"). It was authorised for issue on 29 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 interim financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards. Accounting Standards issued by IASB.

Material uncertainty related to going concern

Due to the impact of market demand and intense competition, revenue of the Group dropped sharply. As a result, the Group experienced an operating loss in the first half of 2025. As at 30 June 2025, net current liabilities of the Group amounted to RMB340,938,000. In addition, the Group is committed to repay bank and other loans amounting to RMB283,352,000 within one year, of which bank and other loans of RMB178,596,000 will be due for repayment in the next six months from the end of the reporting period.

These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors of the Company have been undertaking a number of measures to mitigate the Group's liquidity pressure, which include, but not limited to, the following:

- Negotiating with banks to raise new long-term bank loans and renew existing loans;

- Putting extra efforts on the collection of other receivables from government-related entities;

- Actively looking into possible opportunities for disposal of idle land and non-core assets to enhance cash recovery.

- Negotiating with creditors and lenders to restructure the terms and settlement schedules of existing payables and borrowings with a view to alleviate the liquidity pressure of the Group; and

- The ultimate controlling party has undertaken to provide continuing financial support and also to assist the Group in obtaining additional sources of financing from banks and other financial institutions, as and when needed, to ensure the Group's continuing operation for a period of at least twelve months from 30 June 2025.

Assuming the success of the above measures, the directors of the Company are of the opinion that the Group would have adequate funds to meet its liabilities as and when they fall due for at least twelve months from the end of the reporting period. Accordingly, the directors of the Company consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue to operate as a going concern, and adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the interim financial report.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendments to IAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are the manufacturing and sale of pharmaceutical products.

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Manufacturing products		
Shuanghuanglian Oral Solutions	**56,119**	83,900
Shuanghuanglian Injections	**16,159**	54,836
Others	**39,008**	53,328
Subtotal	**111,286**	192,064
Third-party products	**–**	4,258
Total	**111,286**	196,322

Revenue is recognised at point in time.

During the six months ended 30 June 2025, one of the Group's customers (2024: two customers) with whom transactions have exceeded 10% of the Group's revenue. Revenue from sales of pharmaceutical products to this customer amounted to RMB12,048,000 (2024: RMB29,398,000 and RMB21,405,000).

(b) Segment information

The Group has one reportable segment. The Group's revenue is substantially generated from the sales of Shuanghuanglian Oral Solutions, Shuanghuanglian Injections and other pharmaceutical products to customers in the PRC. The Group's operating assets and non-current assets are substantially situated in the PRC. Accordingly, no segment analysis based on geographical locations of the customers and assets is provided.

5 INCOME TAX EXPENSES

Amounts recognised in profit or loss:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
Current tax — the PRC Enterprise Income Tax	**(29)**	–
Deferred tax	**440**	(8,376)
	411	(8,376)

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

In accordance with the Enterprise Income Tax Law of the PRC ("**the Income Tax Law**"), enterprise income tax rate for the Group's PRC subsidiaries during the six months ended 30 June 2025 is 25% (2024: 25%).

According to the Income Tax Law, the Company's subsidiaries, Henan Fusen Pharmaceutical Company Limited ("**Henan Fusen**") and Jiaheng (Zhuhai Hengqin) Pharmaceutical Technology Company Limited ("**Zhuhai Hengqin**") were certified as New and High Technology Enterprises, and were entitled to a preferential income tax rate of 15%, which have been applied for each of the six months ended 30 June 2025 and 2024. The current certification of New and High Technology Enterprise held by Henan Fusen and Zhuhai Hengqin will expire on 28 October 2027 and 28 December 2026 respectively.

According to the Income Tax Law and its implementation rules, dividends receivable by non-PRC resident investors from PRC entities are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profit earned since 1 January 2008.

6 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB23,136,000 (six months ended 30 June 2024: loss of RMB36,941,000) and the weighted average of 739,301,000 ordinary shares (2024: 740,670,000) in issue during the reporting period, calculated as follows:

	Six months ended 30 June	
	2025	2024
	'000	*'000*
Issued ordinary shares at 1 January	**739,301**	749,956
Effect of purchase of own shares	**–**	(9,286)
Weighted average number of ordinary shares at 30 June	**739,301**	740,670

(b) Diluted loss per share

The basic and diluted loss per share are the same as the effects of all dilutive potential ordinary shares are anti-dilutive for the six months ended 30 June 2025 and 2024.

7 TRADE RECEIVABLES

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Bills receivable*	**57,197**	52,617
Trade debtors	**60,650**	75,842
Less: allowance for credit loss	**(13,146)**	(14,581)
	47,504	61,261
	104,701	113,878

* At 30 June 2025, the Group's bills receivable of RMB48,040,000 and RMB9,008,000 (31 December 2024: RMB29,127,000 and RMB21,835,000) were endorsed to suppliers and discounted to banks, respectively. As the Group has not transferred the substantial risks and rewards relating to these bills, the Group's management determined not to de-recognise the carrying amounts of these bills and the associated trade payables.

Ageing analysis

Bills receivable are bank acceptance bills received from customers, maturity dates within 6 months to 12 months.

As of the end of the reporting period, the ageing analysis of trade debtors based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for credit loss, is as follows:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Current to 3 months	**31,351**	30,593
4 to 6 months	**11,235**	20,969
7 to 12 months	**4,274**	9,480
Over 12 months	**644**	219
	47,504	61,261

Trade debtors are due within 1 month to 6 months from the date of billing. No interests are charged on the trade receivables.

8 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Receivables in connection with compensation for relocation of production facilities from local government	**40,607**	40,607
Prepayments for raw material and service charges	**13,243**	16,264
Deductible input VAT	**15,385**	17,388
Prepayments to related parties	**24,851**	8,556
Other receivables from government-related entities	**28,500**	81,223
Others	**31,485**	23,558
	154,071	187,596

9 TRADE AND BILLS PAYABLES

As of the end of the reporting period, the ageing analysis of trade and bills payables, based on the date of goods or services that have been acquired in the ordinary course of business from suppliers, is as follows:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
Current to 3 months	**52,056**	56,377
4 to 6 months	**14,525**	8,298
7 to 12 months	**21,294**	19,198
Over 12 months	**48,971**	39,593
	136,846	123,466

All trade payables are expected to be settled within one year.

10 SHARE CAPITAL

	2025		2024	
	No. of shares	**Amount**	No. of shares	Amount
		RMB'000		*RMB'000*
Authorised ordinary shares of HKD0.01 each:				
At 1 January and 30 June	**2,000,000,000**	**16,354**	2,000,000,000	16,354
Ordinary shares, issued and fully paid:				
At 1 January and 30 June	**739,301,000**	**6,179**	749,956,000	6,310

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

11 DIVIDENDS

The directors of the Company did not propose the payment of any dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Future Prospects

The Group's operating revenue for the first half of 2025 was approximately RMB111.3 million, representing a decrease of approximately 43.3% compared to RMB196.3 million for the corresponding period in 2024. The net loss attributable to shareholders of the Company for the period was approximately RMB23.1 million, which was reduced by approximately 37.4% compared to the net loss of approximately RMB36.9 million for the corresponding period in 2024. The Group's gross profit margin for the first half of 2025 was approximately 38.6%, representing a decrease of approximately 15.3% compared to the gross profit margin of approximately 53.9% for the corresponding period in 2024, primarily due to an increase in the proportion of giveaways in product promotions and sales discounts, which resulted in revenue reductions.

Jiangxi Yongfeng Kangde Pharmaceutical Company Limited* (江西永豐康德醫藥有限公司), a joint venture of the Group, reported a profit of approximately RMB26.3 million for the first half of 2025, with a profit attributable to shareholders of the Company of approximately RMB9.4 million, representing a significant improvement compared to a loss of approximately RMB0.36 million for the corresponding period in 2024.

Although the Group's performance in the first half of the year was at a relatively low level, there were several positive factors:

First, the Company's core products, including Shuanghuanglian Oral Solutions and Shuanghuanglian Injections, have successfully won the bids for the third batch of National Volume-Based Procurement (VBP) for proprietary Chinese medicines, with relatively favourable bidding prices. The scope of this VBP covers 31 provinces and regions nationwide, creating favourable conditions for the Company's revenue growth over the next three years. Since the majority of provinces and regions began formally implementing the third batch of VBP lists in June this year, the positive impact of the VBP has not yet been reflected in the first half of the year's revenue. It is expected to gradually materialise in the second half of the year;

Second, in terms of stabilizing its cash flow, the Group has reassessed its research and development (R&D) pipeline, focusing on R&D of core product projects while reducing expenses for non-core R&D projects and controlling overall R&D expenses. The Company has also strictly controlled other administrative expenses and promotional expenses, such as advertising costs and staff costs, to improve its cash flow. Additionally, the Company is looking into possible opportunities for disposal of idle land and non-core assets to enhance cash recovery.

Third, Jiaheng (Zhuhai Hengqin) Pharmaceutical Technology Company Limited* (嘉亨(珠海橫琴)醫藥科技有限公司) ("**Zhuhai Hengqin**"), a subsidiary of the Group, serves as the Group's R&D platform. It currently has a total of 44 R&D projects in progress, including 24 pharmaceutical formulation projects, 14 chemical Active Pharmaceutical Ingredient (API) projects, and 6 traditional Chinese medicine projects. Among these, 15 projects are currently under review by the Centre for Drug Evaluation of National Medical Products Administration of the PRC (the "**Centre for Drug Evaluation**"), 6 of which were submitted for review between January and August this year. It is expected that an additional two projects will be submitted to the Centre for Drug Evaluation by the end of this year. It is anticipated that at least 20 new products will be launched over the next three years, covering areas such as anti-infection and antiviral, cardiovascular, central nervous and hematological diseases, which will help optimise the Company's product portfolio and revenue streams.

The Group believes that with the increased volume of VBP products and the gradual revenue growth from newly launched products, the Company's revenue and gross profit margin will gradually return to reasonable levels. The Company maintains a cautiously optimistic outlook on its operational performance for the second half of the year, with expectations of continued improvement in operational results.

Financial Review

Sales performance

	Unaudited				
	Six months ended 30 June				
	2025		2024		
	Revenue		Revenue		Growth rate
	RMB'000	**% of total**	*RMB'000*	% of total	%
Manufacturing products					
Shuanghuanglian Oral Solutions	**56,119**	**50.4%**	83,900	42.7%	-33.1%
Shuanghuanglian Injections	**16,159**	**14.5%**	54,836	27.9%	-70.5%
Nicardipine Hydrochloride Injection	**2,603**	**2.4%**	12,877	6.6%	-79.8%
Heat Clearing and Detoxicating Oral Solutions	**5,253**	**4.7%**	8,796	4.5%	-40.3%
Other products	**31,152**	**28.0%**	31,655	16.1%	-1.6%
Subtotal	**111,286**	**100.0%**	192,064	97.8%	-42.1%
Third-party products	**–**	**0.0%**	4,258	2.2%	-100.0%
Total	**111,286**	**100.0%**	196,322	100.0%	-43.3%

Our revenue decreased by approximately 43.3% from approximately RMB196.3 million in the first half of 2024 to approximately RMB111.3 million in the first half of 2025, which was mainly due to the decrease in sales volume of our products. The direct reason of the decrease is the demand shortfall in weak market.

Among our product categories, revenue from sales of Shuanghuanglian Oral Solutions decreased by approximately 33.1% from approximately RMB83.9 million in the first half of 2024 to approximately RMB56.1 million in the first half of 2025, which was mainly due to the demand shortfall in market. Some of our customers minimised their inventory levels to improve cashflows, which led to purchase order decrease in the first half year of 2025. Our revenue from sales of Shuanghuanglian Injections decreased by approximately 70.5% from approximately RMB54.8 million in the first half of 2024 to approximately RMB16.2 million in the first half of 2025, which was mainly due to the low performance of sales volume and decrease in market demand.

Gross profit and margin

Our gross profit decreased by approximately 59.4% from approximately RMB105.9 million for the first half year of 2024 to approximately RMB43.0 million for the first half year of 2025. The decrease in gross profit is in line with the approximately 43.3% decrease in total revenue for the first half year of 2025. Meanwhile, gross profit margin slightly decreased by 15.3 percentage points to approximately 38.6% for the first half year of 2025 (approximately 53.9% for the first half of 2024) primarily due to an increase in the proportion of giveaways in product promotions and sales discounts.

Other net (loss)/income

Our other net loss primarily consists of government grants and others. The increase in other net loss is mainly due to the decrease in government grants.

Selling and distribution expenses

Our selling and distribution expenses primarily consist of distribution expenses, wages and salaries, advertisement, logistics fee, promotion expenses and others. In the first half of 2024 and 2025, our selling and distribution expenses amounted to approximately RMB52.2 million and RMB30.6 million respectively, representing approximately 26.6% and 27.5% of our revenue for the respective periods. The decrease in selling and distribution expenses is in line with the decrease in revenue.

General and administrative expenses

General and administrative expenses primarily consist of wages and salaries, credit losses, depreciation, professional fee, and others.

The general and administrative expenses decreased by approximately RMB21.5 million from approximately RMB36.2 million for the first half year of 2024 to approximately RMB14.7 million for the first half year of 2025. General and administrative expenses decreased significantly in the first half of 2025 due to the decrease in credit losses on trade and other receivables.

Research and development expenses

The research and development expenses in the first half year of 2025 is approximately RMB14.9 million, representing a decrease by approximately RMB42.2 million compared to approximately RMB57.1 million of first half year of 2024. The decrease is mainly due to the decrease in investing in non-core product's projects and the termination of some non-core R&D projects.

Net finance costs

Our net finance costs represent finance income, which includes interest income derived from bank deposits, less finance costs, interest on loans and foreign exchange loss.

The net finance costs increased from approximately RMB7.4 million in the first half year of 2024 to approximately RMB7.8 million in the first half year of 2025, mainly attributable to the decrease of net foreign exchange gains.

Share of earnings/(loss) of a joint venture

Share of earnings of a joint venture representing the Group's interests increased by approximately RMB9.8 million from approximately RMB0.4 million loss for the six months ended 30 June 2024 to approximately RMB9.4 million earnings for the six months ended 30 June 2025. The operation result of Jiangxi Yongfeng Kangde significantly improved in the first half year of 2025 due to the co-operation between Jiangxi Yongfeng Kangde and Sunflower Pharmaceutical Group Company Limited.

Income tax expenses

Income tax primarily represents income tax payable by the Group under relevant PRC income tax rules and regulations. Henan Fusen and Zhuhai Hengqin, our subsidiaries, were certified as a High New Technology Enterprise and has been entitled to a preferential income tax rate of 15%. Income tax expenses increased from approximately RMB8.4 million tax credit in the first half year of 2024 to approximately RMB0.4 million tax expense in the first half of 2025. The increase was mainly attributable to the decrease in the recognition of deferred tax for the six months ended 30 June 2025.

Capital Expenditures

The Group's capital expenditures primarily consist of payments and deposits for purchase of property, plant and equipment, right-of-use assets and intangible assets. In the first half year of 2025, the total capital expenditure was approximately RMB7.3 million (the first half year of 2024: approximately RMB46.0 million). The capital expenditures during the period were mainly incurred for the lease payment for a land use right, the enhancement of energy equipment in existing production process and the acquisition of licence of drugs under research.

Capital Structure

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As at 30 June 2025, the Group's equity interest attributable to shareholders amounted to approximately RMB346.6 million (31 December 2024: approximately RMB369.7 million) in aggregate and total liabilities amounted to approximately RMB887.4 million (31 December 2024: approximately RMB869.8 million). The Group is committed to maintaining an appropriate combination of equity and debt, in order to maintain an effective capital structure and provide maximum returns for shareholders.

Liquidity and Financial Resources

As at 30 June 2025, the Group had net current liabilities of approximately RMB340.9 million (31 December 2024: net current liabilities of approximately RMB312.8 million), which included cash and cash equivalents of approximately RMB76.0 million (31 December 2024: approximately RMB21.1 million) and the short-term bank and other loans amounting to approximately RMB283.4 million (31 December 2024: approximately RMB303.5 million).

The Directors have confirmed that the Group will have sufficient financial resources to meet its financial obligations as they fall due in the foreseeable future.

Gearing Ratio

As at 30 June 2025, the gearing ratio of the Group, which is calculated by dividing total bank and other loans by total equity, increased to 105.4% from 103.9% as at 31 December 2024.

Exchange Risk

The Group conducts business primarily in China with most of its transactions denominated and settled in Renminbi. The Group monitors foreign exchange exposure regularly and considers if there is a need to hedge against significant foreign currency exposure when necessary.

Human Resources

As at 30 June 2025, the Group had a total of 1,045 employees (31 December 2024: 1,131 employees). The Group offers a competitive remuneration package to its employees, including mandatory retirement funds, insurance and medical coverage. In addition, discretionary bonus and share options may be granted to eligible employees based on the Group's and individual's performance.

For the first half year of 2025, the total staff cost (including Director's emoluments, contributions to defined contribution retirement schemes, bonus and other benefits) amounted to approximately RMB31.0 million (six months ended 30 June 2024: RMB41.4 million).

Commitment

Capital commitments of the Group outstanding as at 30 June 2025 and 31 December 2024 are as follows:

	30 June 2025 *RMB'000*	31 December 2024 *RMB'000*
Contracted for	**275,450**	352,328

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2025.

Pledge of Assets

As at 30 June 2025, certain of the Group's bank borrowings were secured by the Group's property, plant and equipment, investment property, land use rights and inventories, which had an aggregate carrying amount of approximately RMB145.9 million as at 30 June 2025 (31 December 2024: approximately RMB213.6 million).

CORPORATE GOVERNANCE

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the code provisions stated in the Corporate Governance Code (the "**Code**") as set out in Appendix C1 to the Listing Rules. Throughout the period from 1 January 2025 to 30 June 2025, save for code provisions C.2.1 and C.6.1 of the Code, the Company has complied with all applicable code provisions set out in the Code.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company should be separate and should not be performed by the same individual. Following the passing of Mr. Cao Changcheng (former chairman of the Board and an executive Director), on 31 October 2024, Mr. Cao Zhiming ("**Mr. Cao**"), an executive Director, the chief executive officer of the Company and the son of the late Mr. Cao Changcheng, was appointed the chairman of the Board with effect from 4 November 2024. For further details of the appointment of Mr. Cao as the chairman of the Board, please refer to the Company's announcement dated 4 November 2024.

In view of Mr. Cao's extensive experience in the pharmaceutical industry, and considering his roles in the general management and supervising day-to-day management operations of the Group, the Board believes that it is in the best interests of the Group for Mr. Cao to take up the dual roles of chairman of the Board and chief executive officer, as it has the benefit of ensuring consistent leadership within the Group and enables effective and efficient overall strategic planning for the Group. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances and that there are sufficient checks and balances in place, which comprises experienced and high calibre individuals and adequate independent element in the composition of the Board.

Code provision C.6.1 of the Code requires that the company secretary should be an employee of the Company and have day-to-day knowledge of the Company's affairs. Mr. Yeung Yuk Hong ("**Mr. Yeung**") was appointed as the company secretary of the Company with effect from 30 September 2024. He is an external service provider and he is not an employee of the Company. The Company has thus assigned the chief financial officer of the Company as the primary contact person with Mr. Yeung. Information in relation to the performance, financial position and other major developments and affairs of the Group are speedily delivered to Mr. Yeung through the contact person assigned. Having in place a mechanism that Mr. Yeung will get hold of the Group's development promptly without material delay and with his expertise and experience, the Board is confident that having Mr. Yeung as the company secretary is beneficial to the Group's compliance with the relevant board procedures, applicable laws, rules and regulations.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") on 14 June 2018 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Code. During the six months ended 30 June 2025, the Audit Committee consisted of three independent non-executive Directors, Mr. Sze Wing Chun (being the chairman of the Audit Committee who has a professional qualification in accountancy), Mr. Lee Kwok Tung, Louis and Dr. To Kit Wa.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process, to develop and review the Group's policies and to perform other duties and responsibilities as assigned by our Board. The Audit Committee discussed the accounting principles and policies adopted by the Group together with the management.

REVIEW OF THE INTERIM RESULTS

The Audit Committee has reviewed the unaudited condensed interim financial report for the six months ended 30 June 2025 with the management of the Company.

As such, the figures disclosed herein are for investors' reference only. Investors are advised to exercise caution and not to place undue reliance on such information when dealing in the securities of the Company. If in doubt, investors are advised to seek professional advice from professional or financial advisers.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by Directors. Having made specific enquiries, all Directors confirmed that they have complied with the required standard of dealing as set out in the Model Code for the six months ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2025 and up to the date of this announcement.

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of a dividend in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: RMBNil).

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2025 and up to the date of this announcement which would materially affect the Group's operations and financial performance.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules is to be dispatched to the Shareholders of the Company and made available for review on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.fusenyy.com by September 2025.

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

Hong Kong, 29 August 2025

As at the date of this announcement, the Board of the Company comprises Mr. Cao Zhiming (Chairman), Mr. Hou Taisheng, Mr. Chi Yongsheng and Ms. Meng Qingfen 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 purposes only*