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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 IN RELATION TO THE DISPOSAL OF THE ENTIRE EQUITY INTERESTS IN HENAN FUSEN INTELLIGENT ENERGY CONSERVATION TECHNOLOGY COMPANY LIMITED

THE DISPOSAL

The Board would like to announce that on 19 September 2025 (after trading hours of the Stock Exchange), the Purchaser and the Vendor (an indirect wholly-owned subsidiary of the Company), entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Capital, representing the entire equity interests in the Target Company, for a total consideration of RMB73.0 million (equivalent to approximately HK\$79.6 million) on and subject to the terms of the Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% but all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the Disposal and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Agreement, the Disposal and the transactions contemplated thereunder.

Completion is subject to the Conditions Precedents set out in the Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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The principal terms of the Agreement are summarised as follows:

Date : 19 September 2025 (after trading hours of the Stock Exchange)

Parties : (1) the Purchaser; and
(2) the Vendor (an indirect wholly-owned subsidiary of the Company)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser is owned as to 51% by Nanyang Chanye Investment Group Limited* (南陽產業投資集團有限公司), a state-owned enterprise ultimately wholly owned by Nanyang City Finance Bureau* (南陽市財政局), and 49% by Xichuan County Finance Bureau* (淅川縣財政局), a local government authority of the PRC, and therefore each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

Subject matter

The Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Capital, representing the entire equity interests in the Target Company, subject to the terms and conditions of the Agreement.

Consideration

The Consideration for the sale and purchase of the Sale Capital is RMB73.0 million (equivalent to approximately HK\$79.6 million), which shall be settled by the Purchaser to the Vendor by way of wire transfer to the Vendor's designated account in the following manner:

- (a) Within sixty (60) Business Days upon completion of the Handover, the Purchaser shall pay approximately RMB29.2 million (equivalently to approximately HK\$31.8 million), representing 40% of the Consideration; and
- (b) The remaining 60% of the Consideration shall be settled by the Purchaser within three (3) months after the signing of the Agreement.

The Consideration may be subject to downward adjustment if the net asset value of the Target Company as at Completion is lower than the appraised net asset value as at the Reference Date. It is also subject to adjustment to reflect any loss incurred during the period between the Reference Date and the Completion Date, which shall be borne by the Vendor through a corresponding downward adjustment to the Consideration. Furthermore, the Consideration may be reduced in other circumstances, including but not limited to breaches of representations and warranties by the Vendor, undisclosed liabilities, or adverse events affecting the Target Company during such period. These adjustment provisions are intended to safeguard the Purchaser's interests in the event of any adverse developments relating to the Target Company prior to Completion.

Basis for the determination of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser on normal commercial terms, having taken into account, among other things, (a) the appraised net asset value of the Target Company as at the Reference Date (i.e. 31 March 2025) as set out in the valuation report prepared by an independent valuer, of approximately RMB73.4 million (equivalent to approximately HK\$80.0 million); (b) the financial performance of the Target Company, including its unaudited results for the three months ended 31 March 2025 and the eight months ended 31 August 2025, and its audited results for the two financial years ended 31 December 2023 and 2024 (further details of the Target Company are set out in the section headed "INFORMATION ON THE TARGET COMPANY" in this announcement); (c) the Target Company's cash flow position as at the Reference Date; and (d) other factors set out in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" in this announcement. The Directors are of the view that the Consideration is fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

Conditions Precedent

Completion shall be conditional upon the fulfilment (or waiver, if applicable) of, among others, the following conditions before the Completion Date:

- (a) all approvals and consents necessary for the Disposal having been obtained in the form and substance satisfactory to the parties;
- (b) all representations and warranties given by the parties under the Agreement shall be true and accurate as at the date of the Agreement and remain to be true and accurate up to the Completion Date; and
- (c) all pre-completion undertakings (as disclosed in the paragraph headed "Pre-completion undertakings" below) given by the Vendor and the Target Company during the period between the Reference Date and the Completion Date having been complied with.

Pre-completion undertakings

During the period from the Reference Date to the Completion Date, neither the Vendor nor the Target Company shall, whether directly or indirectly, take any action that may prejudice the rights or interests of the Target Company, increase its liabilities (other than in the ordinary course of business), create any encumbrance over its assets, or otherwise adversely affect the business, operations or financial position of the Target Company.

Completion

The parties shall, within twenty (20) days upon execution of the Agreement, carry out and complete the Handover procedures which involve the delivery of certain documentation, assets and other deliverables relating to the Target Company by the Vendor to the Purchaser, within the agreed scope set out in the Agreement, with a handover confirmation signed by both parties.

Following the completion of the Handover procedures and the payment of the first instalment of the Consideration by the Purchaser, the Vendor shall issue a written notice to the Purchaser. Subject to the fulfilment (or waiver, if applicable) of all the Conditions Precedent, the application for registration with the competent market supervision authority shall be submitted within five (5) Business Days after such written notice. Completion of the Disposal shall take place on the date when the relevant registration procedures with the competent market supervision authority are completed, pursuant to which the Purchaser will be registered as the legal shareholder of the Target Company (the “**Completion Date**”).

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will cease to be consolidated into the consolidated financial statements of the Group.

Remedies and Termination

Pursuant to the Agreement, the Purchaser may seek compensation for any undisclosed liabilities, non-conforming assets, breaches of representations and warranties or breaches of pre-completion undertakings, and may deduct such amounts from the Consideration or request separate payment. The Purchaser also has the right to terminate the Agreement if, among others, (i) there are material deviations in the assets or liabilities of the Target Company which are not rectified, or (ii) completion or Handover is not effected in accordance with the Agreement. The Agreement further provides that the Vendor may terminate the Agreement if the Purchaser delays payment of the Consideration beyond the agreed period. These provisions are customary in transfers of equity interests in PRC companies, particularly in transactions involving state-owned purchasers, and are intended to safeguard the parties' respective interests during the transition period between the Reference Date and the Completion Date.

INFORMATION ON THE GROUP AND THE VENDOR

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. It is an investment holding company. The Group is principally engaged in manufacturing and sale of pharmaceutical products.

The Vendor is a company established in the PRC with limited liability, is an indirect wholly-owned subsidiary of the Company and is principally engaged in manufacturing and sale of pharmaceutical products.

INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability and is principally engaged in, among others, property leasing and management, equipment leasing, corporate, engineering and facility management, overseas engineering contracting, investment in startups of private enterprises, and (subject to approval by relevant authorities) construction works execution.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser is owned as to 51% by Nanyang Chanye Investment Group Limited* (南陽產業投資集團有限公司), a state-owned enterprise ultimately wholly owned by Nanyang City Finance Bureau* (南陽市財政局), and 49% by Xichuan County Finance Bureau* (淅川縣財政局), a local government authority of the PRC, and therefore each of the Purchaser and its ultimate beneficial owner(s) is an Independent Third Party.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company established in the PRC with limited liability on 22 February 2023, and is wholly and beneficially owned by the Vendor, an indirect wholly-owned subsidiary of the Company. It has a registered capital of RMB50.0 million, which has been fully paid up. The Target Company is principally engaged in the installation and operation of photovoltaic power systems, primarily for generating electricity for supporting the Group's internal needs in its pharmaceutical manufacturing operations and for external sales.

As at the date of this announcement, the Target Company owns and operates three sets of photovoltaic power systems with installed capacities of approximately 6.089MW, 6.387MW and 14.886MW, respectively. The 6.089MW and 6.387MW systems commenced installation in March and May 2023, respectively, and were completed and commissioned in June and August 2023. The 14.886MW system began installation in September 2024, passed inspection in February 2025, and has commenced operation in June 2025. These systems were supplied and installed by third-party contractors and are primarily used to generate electricity for (a) the Group's internal pharmaceutical production needs by enabling self-generation and consumption of electricity; and (b) external sales. Although some of the electricity generated is sold externally, the Target Company's activities are small in scale and ancillary to the Group's core business in the pharmaceutical sector.

Set out below is the financial information of the Target Company based on the financial statements of the Target Company for the two years ended 31 December 2023 and 31 December 2024, for the three months ended 31 March 2025 and for the eight months ended 31 August 2025:

	For the year ended 31 December 2023 RMB'000 (audited)	For the year ended 31 December 2024 RMB'000 (audited)	For the three months ended 31 March 2025 RMB'000 (unaudited)	For the eight months ended 31 August 2025 RMB'000 (unaudited)
Revenue	733	2,215	323	1,782
Net profit/(Loss) before taxation and extraordinary items	408	(60)	(235)	(2,153)
Net profit/(Loss) after taxation and extraordinary items	408	(60)	(235)	(2,153)

Based on the unaudited financial statements of the Target Company, as at 31 August 2025, the unaudited values of the total asset, total liabilities and net asset of the Target Company amounted to approximately, RMB72.6 million (equivalent to approximately HK\$79.1 million), RMB0.9 million (equivalent to approximately HK\$1.0 million) and RMB71.7 million (equivalent to approximately HK\$78.2 million), respectively.

The appraised net asset value of the Target Company as at the Reference Date (i.e. 31 March 2025) as set out in the valuation report prepared by an independent valuer was approximately RMB73.4 million (equivalent to approximately HK\$80.0 million). The decrease of approximately RMB1.7 million (equivalent to approximately HK\$1.9 million) or by approximately 2.3% as at 31 August 2025 is mainly attributable to the depreciation accrual of the Target Company since the Reference Date.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results of the Target Company will cease to be consolidated into the consolidated financial statements of the Group. Based on the consideration of RMB73.0 million (equivalent to approximately HK\$79.6 million) and the unaudited net asset value of the Target Company of approximately RMB71.7 million (equivalent to approximately HK\$78.2 million) as at 31 August 2025, the Group expects to record a gain on disposal of approximately RMB1.3 million (equivalent to approximately HK\$1.4 million) before taking into account transaction-related expenses. After deducting estimated transaction costs of approximately RMB0.2 million (equivalent to approximately HK\$0.2 million), the total gain attributable to the Disposal is expected to be approximately RMB1.1 million (equivalent to approximately HK\$1.2 million). The actual gain or loss arising from the Disposal will be subject to audit and may differ from the above estimate. The net proceeds from the Disposal of approximately RMB72.8 million (equivalent to approximately HK\$79.4 million) are intended to be applied towards the general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the manufacture and sale of pharmaceutical products. The Target Company, which is primarily involved in the installation and operation of photovoltaic power systems, was established to support the Group's internal electricity needs and complement the Group's production of pharmaceutical products, and to generate income from the external sales of electricity. However, the photovoltaic business is not a core focus of the Group. In line with the Group's long-term strategy to streamline its operations and sharpen its business focus, the Group has resolved to dispose of this non-core subsidiary. The Disposal represents a strategic move to consolidate resources, improve operational efficiency, and reallocate management and financial attention to the Group's core pharmaceutical business. By realigning its business portfolio and exiting from sectors peripheral to its principal operations, the Group aims to strengthen its competitive position and enhance its capacity to capture new growth opportunities in the pharmaceutical sector. Moreover, the net proceeds from the Disposal will provide immediate cash inflow and are intended to be used as general working capital for the Group, including but not limited to funding operating expenses and supporting the ongoing development of its core pharmaceutical operations. The Board considers that the terms of the Disposal are fair and reasonable and that the Disposal is in the interests of the Company and its shareholders as a whole.

Having regard to the aforementioned, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Agreement (including the Consideration), the Disposal and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Disposal is more than 5% but all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules, and is therefore subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

None of the Directors has a material interest in the Disposal and hence no Director is required to abstain from voting on the relevant resolution(s) of the Board approving the Agreement, the Disposal and the transactions contemplated thereunder.

Completion is subject to the Conditions Precedents set out in the Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

“Agreement”	the equity transfer agreement dated 19 September 2025 entered into between the Purchaser and the Vendor in relation to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day on which banks in the PRC are open for general commercial business, other than a Saturday, Sunday or public holiday in the PRC
“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 (stock code: 1652)
“Completion”	completion of the Disposal
“Completion Date”	the date of Completion
“Conditions Precedent”	the conditions which Completion is subject to as set out in the paragraph headed “Conditions Precedent” in the section headed “THE DISPOSAL” of this announcement
“Consideration”	a sum of RMB73.0 million (equivalent to approximately HK\$79.6 million), subject to adjustments as provided in the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Capital by the Vendor pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries
“Handover”	the process whereby the Vendor delivers, and the Purchaser takes over, the Target Company in accordance with the terms of this Agreement, certain documents, assets, and other matters within the agreed scope as set out in the Agreement, and the signing of a handover confirmation by both parties, which shall be completed within twenty (20) days upon execution of the Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MW”	megawatt
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Henan Xisheng Industrial Development Company Limited* (河南浙勝產業發展有限責任公司), a company established in the PRC with limited liability
“Reference Date”	31 March 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Capital”	the entire equity interest in the Target Company, which is wholly and beneficially owned by the Vendor as at the date of this announcement
“Shareholders”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Henan Fusen Intelligent Energy Conservation Technology Company Limited* (河南福森智慧節能科技有限公司), a company established in the PRC with limited liability, which is wholly and beneficially owned by the Vendor as at the date of this announcement
“Vendor”	Henan Fusen Pharmaceutical Company Limited* (河南福森藥業有限公司), (an indirect wholly-owned subsidiary of the Company), a company established in the PRC with limited liability
“%”	per cent.

* the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words

For the purpose of this announcement, unless otherwise indicated, conversion of Renminbi into Hong Kong dollars is calculated at the approximate exchange rate of RMB1.00 to HK\$1.09. This exchange rate is adopted for the purpose of illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rates at all.

By Order of the Board
Fusen Pharmaceutical Company Limited
Mr. Cao Zhiming
Chairman and Executive Director

Hong Kong, 19 September 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.