

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Fusen Pharmaceutical Company Limited

福森藥業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1652)

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

Reference is made to the announcement of the Company dated 19 September 2025 (the “**Announcement**”) in relation to the Disposal. Unless otherwise specified, capitalised terms herein shall have the same meanings as those defined in the Announcement.

The Company wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Disposal.

BASIS FOR THE DETERMINATION OF THE CONSIDERATION

As disclosed in the Announcement, 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, the appraised net asset value of the Target Company of approximately RMB73.4 million (equivalent to approximately HK\$80.0 million) as at the Reference Date (i.e. 31 March 2025) as set out in the valuation report (the “**Valuation Report**”).

Identity and qualification of the Valuer

The Valuation Report was prepared by an independent valuer, namely Henan Jiuhe Land and Real Estate Assets Appraisal Co., Ltd.* (河南玖和房地產資產評估有限公司) (the “**Valuer**”). The Directors noted from the Valuation Report that the responsible staff of the Valuer signing the Valuation Report is a registered real estate appraiser certified by the China Institute of Real Estate Appraisers and Agents (CIREA) (中國房地產估值師與房地產經紀人學會).

To the best of the Directors' knowledge, having made reasonable enquiries, the Valuer is independent of the Company and its connected persons and has no present or prospective interest in the Group or the asset valued.

Valuation approach used by the Valuer and the reasons for selection

According to the Valuation Report, the Valuer adopted asset approach for the purpose of determining the net asset value of the entire equity interests of the Target Company as at the Reference Date (i.e. 31 March 2025). In selecting the appropriate valuation approach, the Valuer considered the appropriateness of asset approach, market approach and income approach.

The market approach was not adopted since the Target Company had a relatively short history since its establishment, and it would therefore be difficult to select comparable companies in terms of size, operational and financial risks and growth potential for practicable comparisons.

The income approach was not adopted as this approach involves future forecast of financial information, which may be affected by adjustments in national policies, changes in the economic environment, and local climate variations, all of which could impact future income. Furthermore, considering that the Target Company has a relatively short operating history, forecast as to future costs and expenses based on the current and historical conditions of the Target Company may not be reliable.

The Valuer considered the asset approach to be the most appropriate valuation approach as it would be the approach that yields the more reliable valuation result. Under this approach, the value of the equity interests of the Target Company is represented by the value of its assets and liabilities which are assessed individually.

Nature and source of information relied upon

The Valuer prepared the valuation report based on information and documents provided by the Target Company and obtained independently, including but not limited to: (i) business licences and constitutional documents of the Target Company; (ii) financial information of the Target Company as at the Reference Date and the two preceding financial years; (iii) relevant construction contracts and invoices; (iv) market inquiry data; (v) on-site inspection records and other relevant valuation materials collected during the valuation process; and (vi) other materials provided by the Target Company.

Key assumptions and quantitative inputs; and how the appraised net asset value of the Target Company was determined

Key assumptions

The valuation was conducted based on a number of general and specific assumptions, which include but are not limited to: (i) the asset to be valued will continue to be used according to their current purpose, usage method, scale, frequency, and conditions; (ii) the asset to be valued is deemed to be in the process of transaction with the Valuer simulating a market environment reflecting such conditions; (iii) the asset to be valued is traded or intended to be traded in an open and fair market where both parties have equal standing and access to sufficient market information to make informed decisions; (iv) there is no material change to the relevant laws and regulations and national macroeconomic conditions, and no unforeseen material change to interest rates, exchange rates and tax policies; (v) the Target Company is in full compliance with all relevant laws and regulations; (vi) the management of the Target Company is a responsible team with capabilities that match their roles, and can steadily advance the company's development plans and future strategic initiatives; (vii) there are no disputes as to title and other commercial matters, and no material adverse impacts arising from force majeure or unforeseeable factors are anticipated; and (viii) the operational and technical information provided by the Target Company is true and accurate.

Quantitative inputs and how the appraised net asset value of the Target Company was determined

The appraised net asset value of the Target Company is determined by subtracting the appraised total liabilities from the appraised total assets.

Total assets

The assets of the Target Company mainly comprise photovoltaic power generating equipment. The value of the photovoltaic power generating equipment was appraised using the replacement cost method, the formula for which is as follows:

$$\text{Appraised value} = \text{Replacement Cost} \times \text{Composite Depreciation Rate}$$

- (1) Replacement cost is determined with reference to comparable transaction prices through market inquiries via online price research. The 'online price research' refers to the data sourced from publicly available awarded tender results for comparable photovoltaic projects in Henan Province, as published on official government procurement and public tender platforms.
- (2) Composite Depreciation Rate is determined using the following formula:

$$\text{Composite Depreciation Rate} = \text{Depreciation rate over useful life} \times 40\% + \text{Depreciation rate by scoring approach} \times 60\%$$

The depreciation rate over useful life is determined based on the economic durability of the equipment and its serviced life. Based on an estimated economic life of 25 years and an elapsed service period of approximately 1.25 years as at the Reference Date, the equipment retention rate was assessed at 95%, representing about 5% depreciation.

For the depreciation rate by scoring approach, the Valuer conducted site inspection and determined the depreciation rate by taking into account the technical and maintenance conditions of the different parts of the appraised equipment. Based on an on-site inspection covering factors such as equipment appearance, functionality of instruments and control systems, and the overall maintenance condition, the equipment retention rate was assessed at approximately 90%, representing about 10% depreciation.

The respective weights of 40% (useful-life) and 60% (scoring) were adopted to reflect the higher relevance of the equipment's actual operating and maintenance conditions observed on site, while moderating the limitations of a purely life-based estimate. The Valuer confirmed that this weighting approach is consistent with generally adopted valuation practice for industrial equipment appraisals in the PRC.

The appraised value of the total assets of the Target Company as at the Reference Date was approximately RMB83.5 million and the book value of the total assets of the Target Company as at the Reference Date was approximately RMB83.7 million, representing a negligible difference of approximately RMB0.2 million or approximately 0.22%.

Total liabilities

The liabilities of the Target Company mainly comprise account payables. The appraised value of the liabilities is determined based on the actual liability items and amounts to be borne by the Target Company as at the Reference Date.

The appraised value of total liabilities of the Target Company as at the Reference Date was approximately RMB10.0 million, which was equivalent to the book value of the total liabilities of the Target Company as at the Reference Date.

Net Asset Value

The appraised net asset value of the Target Company as at the Reference Date of approximately RMB73.4 million is determined by subtracting the appraised total liabilities from the appraised total assets. As compared to the book value of the net asset value of the Target Company as at the Reference Date of approximately RMB73.6 million, there is only a negligible difference of approximately RMB0.2 million or approximately 0.25%.

Therefore, the Board is of the view that there is no material difference between the appraised value and the book value of the Target Company as at the Reference Date.

As the valuation of the Target Company as disclosed above was prepared by the Valuer using the asset approach, the Board considers that it does not constitute a profit forecast under Rule 14.61 of the Listing Rules.

CONSIDERATION

As disclosed in the Announcement, 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.

The Consideration may be subject to the following downward adjustment in the event that:

- (a) the assets of the Target Company do not conform to the representations and warranties made by the Vendor and such inconformity affects the valuation of the Target Company, the Purchaser may adjust the Consideration, which, unless otherwise agreed, shall be determined by a valuation conducted by a third party appointed by the Purchaser;
- (b) the liabilities (contingent or otherwise) of the Target Company do not conform to the representations and warranties of the Vendor, whereby the Consideration shall be reduced by the amount of liabilities not expressly disclosed;
- (c) contracts, agreements, or similar arrangements entered into by the Target Company before the Reference Date lead to legal and/or financial consequences against the Target Company due to any litigation, arbitration or complaint after Completion, whereby the corresponding amount of liabilities and/or expenses incurred by the Target Company shall be deducted from the Consideration;
- (d) the Vendor and/or the Target Company directly or indirectly engaged in any actions that diminish the rights and interests of the Target Company, increase its liabilities (except as necessary for its normal business operations), encumbrances, and/or otherwise negatively affect the Target Company (“**Detrimental Conducts**”) during the transition period between the Reference Date and the Completion Date, and where the Purchaser considers that such Detrimental Conducts affect the valuation of the Target Company, the Purchaser may adjust the Consideration, which, unless otherwise agreed, shall be determined by a valuation conducted by a third party appointed by the Purchaser;
- (e) the Target Company suffers losses during the transition period between the Reference Date and the Completion Date, whereby the Purchaser has the right to deduct corresponding amounts from the Consideration; and
- (f) any shareholder of the Target Company has made a false capital contribution and/or illegal withdrawal of their capital contribution and the Consideration has not been fully settled, whereby the Purchaser has the right to deduct the amount of such false or withdrawn contribution from the Consideration.

As disclosed in the Announcement, the Directors noted that the Consideration was determined with reference to an independent valuation of the net assets of the Target Company as at the Reference Date (further details of which are set out in the section headed “THE DISPOSAL — Basis for the determination of the Consideration” of the Announcement). The Company has also carefully reviewed the adjustment provisions described above, which are intended to safeguard the interest of the Purchaser during the transition period between the Reference Date and the Completion Date. The Company considers such provisions to be customary in transfers of equity interests in PRC companies, particularly in transactions involving state-owned purchasers. Having taken into account (i) the appraised net asset value of the Target Company as at 31 March 2025; (ii) its financial performance and cash flow position; and (iii) the fact that the Purchaser has not required any adjustment to the agreed Consideration despite the existence of such provisions, the Directors are of the view that the Consideration (including the adjustment provisions) is fair and reasonable, on normal commercial terms, and in the interests of the Company and its Shareholders as a whole.

The above additional information should be read in conjunction with the Announcement and does not affect other information contained in the Announcement. Save as disclosed above, all other information contained in the Announcement remains unchanged.

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

Hong Kong, 27 October 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. Lee Kwok Tung Louis, Dr. To Kit Wa and Mr. Yu Ho Ming as independent non-executive Directors.

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.

* For identification purpose only