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 2026

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 2026 (the "**2026 Period**" or "**period**"), together with the comparative figures for the corresponding period in 2025 (the "**2025 Period**").

FINANCIAL HIGHLIGHTS

— Our revenue increased by approximately 2.5% from approximately RMB111.3 million for the 2025 Period to approximately RMB114.1 million for the 2026 Period.

— Our gross profit increased by approximately 14.2% from approximately RMB43.0 million for the 2025 Period to approximately RMB49.1 million for the 2026 Period.

— Loss attributable to equity shareholders of the Company was approximately RMB13.6 million for the 2026 Period as compared to loss of approximately RMB23.1 million for the 2025 Period.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026
(Expressed in Renminbi (RMB)'000, unless otherwise indicated)

	Notes	Six months ended 30 June 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue	4	**114,058**	111,286
Cost of sales		**(64,938)**	(68,296)
Gross profit		**49,120**	42,990
Other income and other gains or losses, net		**(531)**	(2,970)
Selling and distribution expenses		**(22,949)**	(30,595)
General and administrative expenses		**(19,363)**	(25,107)
(Impairment loss)/reversal of impairment loss under expected credit loss model, net		**(9,657)**	4,195
Research and development expenses		**(2,325)**	(8,707)
Loss from operations		**(5,705)**	(20,194)
Finance income		**255**	185
Finance costs		**(8,548)**	(8,001)
Net finance costs		**(8,293)**	(7,816)
Share of results of a joint venture		**812**	9,396
Share of results of associates		**(388)**	(4,111)
Loss before taxation		**(13,574)**	(22,725)
Income tax expense	5	**(100)**	(411)
Loss for the period		**(13,674)**	(23,136)
Loss for the period attributable to:			
Equity shareholders of the Company		**(13,674)**	(23,136)
Non-controlling interests		**–**	–
		(13,674)	(23,136)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of financial statements of the Company and overseas subsidiaries		**35**	15
Other comprehensive income for the period		**35**	15
Total comprehensive expense for the period		**(13,639)**	(23,121)
Total comprehensive expense for the period attributable to:			
Equity shareholders of the Company		**(13,639)**	(23,121)
Non-controlling interests		**–**	–
		(13,639)	(23,121)
Loss per share	6		
Basic and diluted (RMB cents)		**(1.84)**	(3.13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

(Expressed in RMB'000, unless otherwise indicated)

	Notes	**30 June 2026** *RMB'000* **(unaudited)**	31 December 2025 *RMB'000* (audited)
Non-current assets			
Investment property		**12,618**	13,172
Property, plant and equipment		**309,670**	318,601
Right-of-use assets		**228,860**	231,773
Intangible assets		**28,018**	28,029
Financial assets measured at fair value through profit or loss ("**FVPL**")		**10,108**	9,868
Interest in a joint venture		**30,956**	30,144
Interest in associates		**18,522**	18,910
Deferred tax assets		**2,375**	2,475
Long-term prepayments and other receivables		**115,764**	115,764
		756,891	768,736
Current assets			
Inventories		**83,228**	98,061
Trade and bills receivables	*7*	**119,106**	121,955
Prepayments and other receivables	*8*	**194,494**	190,835
Cash and cash equivalents		**87,835**	83,843
		484,663	494,694
Current liabilities			
Trade and bills payables	*9*	**131,071**	148,162
Deferred income on government grants		**1,626**	1,626
Lease liabilities		**490**	459
Contract liabilities		**–**	1,050
Accruals and other payables		**431,379**	426,948
Bank and other loans		**306,525**	293,280
Income tax payable		**5,122**	5,122
		876,213	876,647
Net current liabilities		**(391,550)**	(381,953)
Total assets less current liabilities		**365,341**	386,783

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2026

(Expressed in RMB'000, unless otherwise indicated)

	Notes	**30 June 2026**	31 December 2025
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Non-current liabilities			
Deferred income on government grants		**14,059**	14,872
Lease liabilities		**–**	490
Bank and other loans		**7,000**	7,000
Contract liabilities		**–**	6,500
		21,059	28,862
Net assets		**344,282**	357,921
Capital and reserves			
Share capital	*10*	**6,179**	6,179
Reserves		**339,429**	353,068
Total equity attributable to equity shareholders of the Company		**345,608**	359,247
Non-controlling interests		**(1,326)**	(1,326)
Total equity		**344,282**	357,921

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB'000, unless otherwise indicated)

1 GENERAL INFORMATION

Fusen Pharmaceutical Company Limited (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 is an investment holding company. The Company and its subsidiaries (together, "**the Group**") are principally engaged in manufacturing and sale of pharmaceutical products.

2 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("**IAS 34**") "Interim Financial Reporting" issued by the International Account Standards Board ("**IASB**") as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than change in accounting policies resulting from application of amendments to International Accounting Standards, and application of certain accounting policies which became relevant to the Group in the current interim period, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

The preparation of condensed consolidated financial statements 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 condensed consolidated financial statements contains 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 Group's annual consolidated financial statements for the year ended 31 December 2025. The condensed consolidated 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.

Going concern basis

Due to the impact of market demand and intense competition, the Group recorded an operating loss for the six months ended 30 June 2026 and net current liabilities amounting to RMB385,050,000 as at 30 June 2026. In addition, the Group is committed to repay bank and other loans amounting to RMB306,525,000 and the related interest of RMB12,072,000 within one year, of which bank and other loans of RMB157,300,000 and related interest of RMB7,600,000 will be due for repayment in the next six months from the end of the reporting period.

Individual operating entities within the Group are responsible for their own cash management. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

2 BASIS OF PREPARATION (CONTINUED)

Going concern basis (Continued)

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 and hence, its ability to realise its assets and discharge its liabilities in the normal course of business.

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve its cash flows:

- sourcing new strategic investors to capitalize the Company and its subsidiaries through direct capital injections and other investment vehicles, including the capital injection amounting to RMB300,000,000 into Henan Fusen Pharmaceutical Company Limited ("**Henan Fusen**") by strategic investors. Up to the date of approval of these condensed consolidated financial statements, the completion of the whole capital injection transaction is still in progress;

- negotiating with banks to raise new long-term bank loans and renew existing bank loans. Up to the date of approval of these condensed consolidated financial statements, the Group has subsequently renewed bank loans of RMB36,000,000 with maturity in August 2027;

- putting extra efforts in the collection of other receivables from government-related construction entities of RMB204,300,000. Up to the date of approval of these condensed consolidated financial statements, the Group has subsequently collected RMB7,730,000 from government-related construction entities;

- conducting active negotiation with creditors to restructure the terms and settlement schedules of existing payables;

- maximising the sales efforts, including speeding up sales of existing inventories, seeking new orders through centralised procurement, and implementing more stringent cost control measures with a view to improving operating cash flows; and

- applying cost control measures in cost of sales and administrative expenses.

The directors of the Company have also reviewed the Group's cash flow forecast prepared by management and are of the opinion that, taking into account the above-mentioned status, plans and measures, the Group will have sufficient funds to maintain its operations and to meet its financial obligations as and when they fall due within the next 12 months from the date of approval of these condensed consolidated financial statements. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis.

Material uncertainty regarding the Group's ability to operate as a going concern exists as to whether management of the Group will be able to achieve its plans and measures as described above. Should the Group be unable to operate as a going concern, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their net realisable amounts, to provide for further liabilities which might 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 condensed consolidated financial statements.

3 CHANGES IN ACCOUNTING POLICIES

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification Measurement of Financial Instruments*

Amendments to IFRS 9 and IFRS 7, *Contracts Referencing and Nature-dependent Electricity*

Annual Improvements to IFRS Accounting Standards — Volume 11, *Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*

The application of the amendments to IFRS Accounting Standards in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

Disaggregation of revenue from contracts within the scope of IFRS 15

Disaggregation of revenue from contracts within customers which are recognised at a point in time and over time by major products line is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Types of goods		
Sales of products		
Shuanghuanglian Oral Solutions	**50,347**	53,416
Shuanghuanglian Injections	**19,692**	14,209
Heat Clearing and Detoxicating Oral Solutions	**4,552**	5,398
Flunarizine Hydrochloride Capsules	**5,733**	6,340
Sanhuang Tablet	**8,198**	6,120
Compound Ferrous Sulfate Granules	**3,095**	5,040
Enzalutamide Soft Capsules	**–**	547
Other pharmaceutical products	**22,441**	20,216
	114,058	111,286
Time of revenue recognition		
At a point in time	**114,058**	110,739
Over time	**–**	547
	114,058	111,286

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Revenue (Continued)

During the six months ended 30 June 2026, none of the Group's customers (six months ended 30 June 2025: two customers) with whom transactions have exceeded 10% of the Group's revenue.

During the six months ended 30 June 2025, one of the Group's 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.

(b) Segment information

The directors of the Company are designated as the "Chief Operating Decision Maker" ("**CODM**") and have determined that the Group has only one reportable segment as the Group's revenue is substantially generated from the sales of Shuanghuanglian Oral Solutions, Shuanghuanglian Injections and other pharmaceutical products to customers in the People's Republic of China (the "**PRC**"). The CODM reviews consolidated results supplemented by a product revenue breakdown and key operational metrics to allocate resources and assess performance of the Group for both periods. Accordingly, no separate segment information is presented.

All of the revenue from external customers are derived from customers located in the PRC (including Hong Kong) and all of the Group's non-current assets are located in the PRC (including Hong Kong).

5 INCOME TAX EXPENSE

Taxation in the condensed consolidated statement

Taxation in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax — over provision in prior years	**–**	(29)
Deferred tax expense	**100**	440
	100	411

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

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2,000,000 of assessable profits of the qualifying corporation in the Group are taxed at 8.25%, and assessable profits above HK$2,000,000 are taxed at 16.5%. The assessable profits of corporations in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The two-tiered profits tax rates regime is applicable to the Group for both periods.

The Group has no assessable profits in Hong Kong during the six months ended 30 June 2026 (six months ended 30 June 2025: nil). The payments of dividends by Hong Kong companies, in addition, are not subject to any withholding tax in Hong Kong.

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 for the six months ended 30 June 2026 is 25% (six months ended 30 June 2025: 25%).

According to the Income Tax Law, the Company's subsidiaries, 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 the six months ended 30 June 2025. 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.

Pursuant to relevant tax laws and regulations, including the Enterprise Income Tax Law of the PRC and Cai Shui 2018 No.76, eligible research and development expenses not forming intangibles enjoy an additional 100% pre-tax deduction, while capitalised research and development intangibles are amortised at 200% of cost pretax. Qualified technology transfer, development and related services are value add tax-exempt; technology transfer income up to RMB5,000,000 is income tax-exempt, with the excess taxed at a 50% reduced rate.

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 RMB13,641,000 (six months ended 30 June 2025: loss of RMB23,121,000) and the weighted average of 739,301,000 ordinary shares (2025: 739,301,000) in issue during the period.

(b) Diluted loss per share

The diluted loss per share for the six months ended 30 June 2026 and 2025 has not taken into account the effect of the outstanding share options as the exercise price of the share options are higher than the average price of the Company's share for the six months ended 30 June 2026.

7 TRADE AND BILLS RECEIVABLES

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Bills receivables*	**42,447**	53,750
Trade receivables		
Represented by:		
Third parties	**79,691**	70,961
Related parties	**–**	–
	79,691	70,961
Less: allowance for credit losses	**(3,032)**	(2,756)
	76,659	68,205
	119,106	121,955

* At 30 June 2026, the Group's bills receivables of RMB40,827,000 and RMB359,000 (31 December 2025: RMB22,976,000 and RMB30,580,000) were endorsed to suppliers and discounted to banks, respectively. In accordance with the relevant laws in the PRC, the holders of the relevant bills have a rights of recourse against the Group if the issuing banks default payment. As the Group has not transferred the substantial risks and rewards relating to these bills receivables, the Group's management determined not to de-recognise the carrying amounts of these bills receivables and the associated trade payables.

7 TRADE AND BILLS RECEIVABLES (CONTINUED)

Ageing analysis

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 losses, is as follows:

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Current to 3 months	**72,544**	67,203
4 to 6 months	**2,633**	391
7 to 12 months	**1,128**	334
Over 12 months	**354**	277
	76,659	68,205

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

Bills receivables are bank acceptance bills received from customers, maturity dates within 12 months.

8 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Receivables in connection with compensation for relocation of production facilities from local government	**40,607**	40,607
Prepayments for raw materials	**108,027**	94,760
Deductible input value add tax	**2,242**	2,235
Prepayments to related parties	**10,456**	8,678
Other receivables from government-related construction entities	**50,777**	50,000
Other receivables from staff	**3,914**	5,940
Other receivables from staff family	**2,643**	2,643
Advance to salesperson	**2,575**	2,782
Others	**20,413**	20,969
Less: allowance for credit losses	**(47,160)**	(37,779)
	194,494	190,835

9 TRADE AND BILLS PAYABLES

Trade and bills payables are analysed as follows:

	At 30 June 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Bills payables	**12,462**	22,976
Trade payables		
Represented by:		
Third parties	**118,609**	116,479
Related parties	**–**	8,437
	118,609	125,186
	131,071	148,162

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 2026 *RMB'000* **(unaudited)**	At 31 December 2025 *RMB'000* (audited)
Current to 3 months	**26,007**	59,026
4 to 6 months	**15,867**	6,907
7 to 12 months	**30,798**	23,997
Over 12 months	**58,399**	58,232
	131,071	148,162

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(Expressed in RMB'000, unless otherwise indicated)

10 SHARE CAPITAL

	At 30 June 2026		At 31 December 2025	
	No. of shares	**Amount**	No. of shares	Amount
		RMB'000		*RMB'000*
		(unaudited)		(audited)
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**	739,301,000	6,179

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 2026 (six months ended 30 June 2025: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The net loss of the Group for the 2026 Period was approximately RMB13.67 million, representing a 40.9% reduction in loss as compared with the corresponding period in 2025. The decrease in operating loss for the 2026 Period was primarily due to the increase in gross profit resulting from revenue growth. Meanwhile, as the Group's products have entered the review stage, this has led to a significant decrease in the Group's expenses in research and development from RMB8.71 million from the corresponding period in 2025 to RMB2.34 million for the 2026 Period, as well as a decrease in other expenses, with advertising and marketing expenses decreasing from RMB30.6 million from the corresponding period in 2025 to RMB22.95 million for the 2026 Period. The joint ventures and associates of the Group were all affected by the overall environment of the pharmaceutical market, resulting in their own operating losses and subsequent losses attributable to the Group. The Group has conducted assessments and made provision for the corresponding impairment losses in accordance with the relevant accounting standards.

Business Review

The Group's operating loss for the 2026 Period was approximately RMB13.67 million, as compared to an operating loss of approximately RMB23.14 million for the corresponding period in 2025, with the decrease in loss primarily attributable to the reduction in costs. The pharmaceutical industry as a whole entered a period of channel inventory destocking, where the inventory restructuring in end-market channels resulted in a decline in sales shipment volume in the short term. The Group recorded a gross profit of approximately RMB49.12 million in 2026, with a gross profit margin of approximately 43.07%. During the 2026 Period, the selling and distribution expenses of the Company also decreased significantly from approximately RMB30.6 million from the corresponding period in 2025 to approximately RMB22.95 million for the 2026 Period. The Group's research and development expenses for the 2026 Period were approximately RMB2.34 million, representing a significant decrease compared to the corresponding period in 2025. This was primarily due to the fact that most of the Company's research and development projects had already been approved or were under approval, and the peak period for paying research and development expenses had passed. Meanwhile, the Company relied more on its wholly-owned subsidiary, Jiaheng (Zhuhai Hengqin) Pharmaceutical Technology Company Limited* (嘉亨(珠海橫琴)醫藥科技有限公司), to carry out subsequent project research and development on its own platform, which offered greater cost advantages compared with commissioning external contract research organization companies for research and development. While continuing the research and development of pipeline projects, the Group also screened and optimized existing projects, as well as strategically reallocate certain projects funding in order to keep the Group's total research and development expenses within a reasonable range. As of the announcement date, the Company had seven products newly approved for marketing. In terms of production, the Group maintained safe and stable operations. However, due to a decrease in sales orders, production volume failed to meet expectations. The Group's production efficiency and cost advantages were not fully brought into play.

Outlook

The Company will continue to promote new financing opportunities and the disposal of non-core assets which, coupled with a bottoming out and rebound in business operations, will continue to improve Company's operating conditions in the second half of 2026. The gross profit margin of the Group's core products remained stable, and sales volume steadily increased after its products have won centralized procurement bids, which provided a foundation for revenue growth. The Group has adjusted and refined its research and development project plans, and will place greater focus on the return on research and development investment and risk assessment in the future, while keeping research and development expenses within a reasonable range. We believe that, with the sales volume of the Company's core products stabilizing, new products gradually contributing to sales, and newly approved products launching in 2026, the Company's revenue will gradually stabilize and rebound, and its operating conditions will further improve.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Review

Sales performance

	Unaudited Six months ended 30 June				
	2026		2025		
	Revenue *RMB'000*	**% of total**	Revenue *RMB'000*	% of total	Growth rate %
Types of goods					
Sales of products					
Shuanghuanglian Oral Solutions	**50,347**	**44**	53,416	48	(5.7)
Shuanghuanglian Injections	**19,692**	**17**	14,209	13	38.6
Heat Clearing and Detoxicating Oral Solutions	**4,552**	**4**	5,398	5	(15.7)
Flunarizine Hydrochloride Capsules	**5,733**	**5**	6,340	6	(9.6)
Sanhuang Tablet	**8,198**	**7**	6,120	5	34.0
Compound Ferrous Sulfate Granules	**3,095**	**3**	5,040	5	(38.6)
Enzalutamide Soft Capsules	**–**	**–**	547	–	–
Other pharmaceutical products	**22,441**	**20**	20,216	18	11.0
	114,058	**100**	111,286	100	2.5
Time of revenue recognition					
At a point in time	**114,058**	**100**	110,739	100	3.0
Over time	**–**	**–**	547	–	–
	114,058	**100**	111,286	100	2.5

Our revenue increased by approximately 2.5% from approximately RMB111.3 million for the 2025 Period to approximately RMB114.1 million for the 2026 Period, which was mainly due to the increase in sales volume of our products.

Among our product categories, revenue from sales of Shuanghuanglian Oral Solutions decreased by approximately 5.7% from approximately RMB53.4 million for the 2025 Period to approximately RMB50.3 million for the 2026 Period, which was mainly due to the demand shortfall in the relevant market. Some of our customers minimised their inventory levels to improve cashflows, which led to purchase order decrease in the first half year of 2026. Our revenue from sales of Shuanghuanglian Injections increased by approximately 38.6% from approximately RMB14.2 million for the 2025 Period to approximately RMB19.7 million for the 2026 Period, which was mainly due to the higher performance of sales volume and increase in market demand.

Gross profit and margin

Our gross profit increased by approximately 14.2% from approximately RMB43.0 million for the 2025 Period to approximately RMB49.1 million for the 2026 Period. The increase in gross profit is in line with the approximately 2.5% increase in total revenue for the 2026 Period. Meanwhile, gross profit margin slightly increased by 4.5 percentage points to approximately 43.1% for the 2026 Period (approximately 38.6% for the 2025 Period) primarily due to an increase in the selling price of certain products of the Group in the national volume-based procurement for proprietary chinese medicines.

Other income and other gains or losses, net

Our other net loss primarily consists of government grants and others. The decrease in other net loss from approximately RMB3.0 million in the corresponding period in 2025 to approximately RMB0.5 million for the 2026 Period 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. For the 2025 Period and 2026 Period, our selling and distribution expenses amounted to approximately RMB30.6 million and RMB22.9 million respectively, representing approximately 27.5% and 20.1% of our revenue for the respective periods. The decrease in selling and distribution expenses is in line with the decrease in marketing costs.

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 RMB5.7 million from approximately RMB25.1 million for the 2025 Period to approximately RMB19.4 million for the 2026 Period. General and administrative expenses decreased significantly for the 2026 Period due to the cost saving policy implemented by the Group.

Research and development expenses

The research and development expenses in the first half year of 2026 is approximately RMB2.3 million, representing a decrease by approximately RMB6.4 million compared to approximately RMB8.7 million of first half year of 2025. 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 RMB7.8 million in the first half year of 2025 to approximately RMB8.3 million in the first half year of 2026, mainly attributable to the increase of interest on loans.

Share of results of a joint venture and impairment loss on interests in a joint venture

Share of results of a joint venture and impairment loss on interests in a joint venture representing the Group's interests decreased by approximately RMB8.6 million from approximately RMB9.4 million earnings for the six months ended 30 June 2025 to approximately RMB0.8 million earnings for the six months ended 30 June 2026. The operation result of Jiangxi Yongfeng Kangde Pharmaceutical Company Limited* (江西永豐康德醫藥有限公司), a joint venture of the Group, significantly declined due to the intense market competition for the 2026 Period.

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 decreased from approximately RMB0.4 million tax expense in the 2025 Period to approximately RMB0.1 million for the 2026 Period.

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. For the 2026 Period, the total capital expenditure was approximately RMB5.0 million (2025 Period: approximately RMB7.3 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Capital Structure

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As at 30 June 2026, the Group's equity interest attributable to shareholders amounted to approximately RMB344.3 million (31 December 2025: approximately RMB357.9 million) in aggregate and total liabilities amounted to approximately RMB897.3 million (31 December 2025: approximately RMB905.5 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 2026, the Group had net current liabilities of approximately RMB391.6 million (31 December 2025: net current liabilities of approximately RMB382.0 million), which included cash and cash equivalents of approximately RMB87.8 million (31 December 2025: approximately RMB83.8 million) and the short-term bank and other loans amounting to approximately RMB306.5 million (31 December 2025: approximately RMB293.3 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 2026, the gearing ratio of the Group, which is calculated by dividing total bank and other loans by total equity, increased to 89.0% from 82.0% as at 31 December 2025.

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 2026, the Group had a total of 817 employees (31 December 2025: 1,005 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 2026 Period, the total staff cost (including Director's emoluments, contributions to defined contribution retirement schemes, bonus and other benefits) amounted to approximately RMB24.4 million (2025 Period: RMB31.0 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Commitment

Capital commitments of the Group outstanding as at 30 June 2026 and 31 December 2025 are as follows:

	30 June 2026 *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements/ consolidated financial statements in respect of		
— research and development projects	**40,126**	41,064
— government related projects	**137,732**	137,732
— acquisition of equipment	**53,754**	55,651
	231,612	234,447

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2026.

Pledge of Assets

As at 30 June 2026, 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 RMB156.6 million as at 30 June 2026 (31 December 2025: approximately RMB145.9 million).

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 2026 Period, 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. During the 2026 Period, the positions of chairman and chief executive officer of the Company were held by Mr. Cao Zhiming ("**Mr. Cao**").

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 2026, the Audit Committee consisted of three independent non-executive Directors, Mr. Lee Kwok Tung, Louis (being the chairman of the Audit Committee who has a professional qualification in accountancy), Mr. Yu Ho Ming 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 2026 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 2026.

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

During the six months ended 30 June 2026, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

INTERIM DIVIDEND

The directors of the Company do not recommend the payment of a dividend in respect of the six months ended 30 June 2026 (six months ended 30 June 2025: RMBNil).

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Deemed Disposal of Indirect Wholly-owned Subsidiary of the Company

References are made to the announcement and the circular of the Company dated 18 June 2026 and 23 June 2026 respectively, whereby the Group entered into a capital increase agreement ("**Capital Increase Agreement**") on 18 June 2026 with the investors (namely Nanyang Industry Investment Health Industry Group Co., Ltd. and Henan Xisheng Industrial Development Co., Ltd.) (the "**Investors**") and Henan Fusen Pharmaceutical Company Limited (the "**Target Company**"), an indirect wholly-owned subsidiary of the Company, pursuant to which the Investors agreed to inject cash in an aggregate amount of RMB300 million into the Target Company to subscribe for its newly registered capital (the "**Capital Increase**"). The Capital Increase constitutes a deemed disposal of the equity interest in the Target Company held by the Company (the "**Deemed Disposal**") under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the Capital Increase exceed 25% but all such percentage ratios are less than 75%, the Capital Increase constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

The transaction in relation to the Deemed Disposal was duly approved by the Shareholders at the extraordinary general meeting held by the Company on 9 July 2026. On 30 July 2026, the Company has further issued an announcement that the completion date under the Capital Increase Agreement was extended to a date on or before 8 October 2026. As of the date of this announcement, the completion of the Capital Increase is still in progress.

Selection Results of National Centralised Medicines Procurement and the Group's product approved for marketing

As disclosed in the voluntary announcement of the Company dated 10 July 2026, "Doxazosin Mesylate Extended-Release Tablets" (甲磺酸多沙唑嗪緩釋片) (trademark: Yijianping 益健平), developed by Henan Fusen for the treatment of hypertension and benign prostatic hyperplasia, has obtained approval for marketing from the National Medical Products Administration (NMPA) of the PRC.

CORPORATE GOVERNANCE AND OTHER INFORMATION (CONTINUED)

In addition, as disclosed in the voluntary announcement of the Company dated 3 August 2026, four of the Group's products (namely Nicardipine Hydrochloride Injection, Azilsartan Medoxomil Tablets, Compound Potassium Hydrogen Phosphate Injection, and Dydrogesterone Tablets) were designated as proposed winning products in the 12th batch of China's National Centralized Drug Procurement bidding on 31 July 2026.

Further details are disclosed in the voluntary announcements of the Company dated 10 July 2026 and 3 August 2026, respectively.

PUBLICATION OF INTERIM REPORT

The interim report of the Company for the six months ended 30 June 2026 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 2026.

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

Hong Kong, 31 August 2026

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

* *For identification purposes only*