



福森藥業有限公司

FUSEN PHARMACEUTICAL COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1652

INTERIM REPORT 2026



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Corporate Information

EXECUTIVE DIRECTORS

Mr. Cao Zhiming (*Chairman and Chief Executive Officer*)
Mr. Hou Taisheng
Ms. Meng Qingfen
Mr. Chi Yongsheng

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Kwok Tung, Louis
Dr. To Kit Wa
Mr. Yu Ho Ming

AUDIT COMMITTEE

Mr. Lee Kwok Tung, Louis (*Chairman of the committee*)
Mr. Yu Ho Ming
Dr. To Kit Wa

NOMINATION COMMITTEE

Mr. Cao Zhiming (*Chairman of the committee*)
Mr. Lee Kwok Tung, Louis
Dr. To Kit Wa

REMUNERATION COMMITTEE

Mr. Lee Kwok Tung, Louis (*Chairman of the committee*)
Mr. Cao Zhiming
Dr. To Kit Wa

COMPANY SECRETARY

Mr. Yeung Yuk Hong

AUTHORIZED REPRESENTATIVES

Mr. Cao Zhiming
Mr. Yeung Yuk Hong

AUDITOR

CCTH CPA Limited
Public Interest Entity Auditor registered in accordance
with the Accounting and Financial Reporting
Council Ordinance
Unit 1510–1517, 15/F
Tower 2, Kowloon Commerce Centre
51 Kwai Cheong Road, Kwai Chung
New Territories
Hong Kong

LEGAL ADVISOR

D. S. Cheung & Co.

REGISTERED OFFICE

Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Urban Industrial Zone
Xichuan County, Henan Province
China
(中國河南省淅川縣城區工業園區)

PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Workshop 05 & 06, 15/F
Hundsun International Centre
44 Heung Yip Road
Aberdeen
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Corporate Information

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
11th Floor, The Center
99 Queen's Road Central
Central
Hong Kong

China Construction Bank Corporation
Xichuan Branch
Middle Section, Jiefang Road
Chengguan Town, Xichuan County
Henan Province
China

SHARE INFORMATION

Date of listing: 11 July 2018
Place of incorporation: Cayman Islands
Place of listing: Main Board of The Stock Exchange of
Hong Kong Limited
Stock Code: 1652
Board lot: 1000 shares
Financial year end: 31 December

COMPANY'S WEBSITE

www.fusenyy.com

Chairman's Statement

Dear Shareholders,

In the first half of 2026, the Company's operating revenue remained flat, with a slight increase compared with the corresponding period of last year. In terms of product sales, the third-party terminal market remained weak due to the diversion effect of medical insurance. The sales growth of products that won centralized procurement bids for traditional Chinese medicines was slower than expected. The price reduction of the products that won centralized procurement bids for chemical medicines was larger than expected, and their contribution to profit was limited despite rapid sales volume growth. We expect that the trend of market weakness will continue for a period of time.

Although the Company experienced a decline in revenue over the past year, which resulted in tight operating cash flow, the Company eased its funding pressure by reducing headcount, controlling the volume and cost of raw material purchases, and scaling back administrative and research and development expenditures. The Company is also actively seeking new financing opportunities and has entered into a capital increase agreement with a local government platform company to obtain RMB300 million in financing, of which funds are expected to be received in full by the end of the third quarter of 2026. This will significantly relieve the Company's short-term operational pressure. Meanwhile, with the optimization of the Company's shareholding structure, it will also generate synergies in business and financing, laying a foundation for the Company to resume growth.

In terms of new product research and development ("R&D"), as of the date of issuance of the report, the Company has seven pharmaceutical products approved for marketing in 2026, and it is expected that at least one more new product will be approved before the end of the year. In the twelfth batch of the national centralized drug procurement, four products of the Company were successfully selected, which, together with the gradual generation of sales from the Company's previously-selected products, will continue to optimize the Company's revenue structure. The Company will continue to make R&D investments in projects that have been established for high-end generic drugs, special APIs, and innovative traditional Chinese medicines. For newly initiated projects, the Company will evaluate R&D investments and potential rates of return more prudently, strictly controlling R&D risks. In addition, the Company will also pay attention to potential in-licensing opportunities to continuously enrich its product pipeline.

Looking ahead, we believe that the worst moment is behind us and that the Company's operating conditions will gradually improve as its business stabilizes, cash flow rebounds, and new products are brought to market. We would like to express our gratitude to all shareholders for their trust and support to the Company.

Cao Zhiming

Chairman of the Board

31 August 2026

Management Discussion and Analysis

OVERVIEW

The net loss of the Group for the six months ended 30 June 2026 (the “**2026 Period**”) was approximately RMB13.7 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 RMB8.7 million from the corresponding period in 2025 to RMB2.3 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 RMB23.0 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 RMB13.7 million, as compared to an operating loss of approximately RMB23.1 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 RMB49.1 million in 2026, with a gross profit margin of approximately 43.1%. 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 RMB23.0 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) (“**Zhuhai Hengqin**”), 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.

* For identification purposes only

Management Discussion and Analysis

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 the 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.

FINANCIAL REVIEW

Sales performance

	Unaudited				
	Six months ended 30 June				
	2026		2025		Growth rate
	Revenue RMB'000	% of total	Revenue RMB'000	% of total	%
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 Detoxifying 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

Management Discussion and Analysis

Our revenue increased by approximately 2.5% from approximately RMB111.3 million for the six months ended 30 June 2025 (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.

Our 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.

Management Discussion and Analysis

Research and development expenses

The research and development expenses for the 2026 Period is approximately RMB2.3 million, representing a decrease by approximately RMB6.4 million compared to approximately RMB8.7 million for the 2025 Period. 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 for the 2025 Period to approximately RMB8.3 million for the 2026 Period, 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 2025 Period to approximately RMB0.8 million earnings for the 2026 Period. 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 Pharmaceutical Company Limited* (河南福森藥業有限公司) ("**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

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 91.1% from 83.9% 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

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).

Disclosure of Interests

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Disclosure of interests

As at 30 June 2026, so far as the Directors are aware, the interests or short positions of the Directors or chief executives in the shares of the Company ("**Shares**"), underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap.571) (the "**SFO**") as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**"), are as follows.

Long position in our Shares

Name of Director	Capacity/Nature	Number of Shares held/ interested (L)	Percentage of interest
Mr. Cao Zhiming (formerly known as Mr. Cao Dudu) ^(Note 2)	Interest of a controlled corporation	334,831,000	45.29%
Mr. Hou Taisheng ^(Note 3)	Beneficiary of a trust	13,399,165	1.81%
Ms. Meng Qingfen ^(Note 3)	Beneficiary of a trust	11,809,433	1.60%
Mr. Chi Yongsheng ^(Note 3)	Beneficiary of a trust	12,944,956	1.75%

Notes:

- The letter "L" denotes the person's long position in such securities.
- 154,651,000 Shares are held by One Victory Investments Limited ("**One Victory**"), a company incorporated in the British Virgin Islands. As Mr. Cao Zhiming is the beneficial owner of the entire issued share capital of One Victory, he is therefore deemed to be interested in the 154,651,000 Shares held by One Victory pursuant to the SFO. Following the passing of Mr. Cao Changcheng (former executive Director and chairman of the Board, and father of Mr. Cao Zhiming) in October 2024, Fusen Trust, being a trust established pursuant to a deed of settlement ("**Deed of Settlement**") dated 14 June 2013 entered into between Mr. Cao Zhiming (as settlor) and The Core Trust Company Limited (the "**Trustee**"), underwent certain succession arrangements, of which Mr. Cao Zhiming has exercised his entitlement under the Deed of Settlement and the investment management agreement ("**Investment Management Agreement**") dated 14 December 2016 entered into between Mr. Cao Zhiming and the Trustee, to remove Mr. Cao Changcheng as investment manager of Fusen Trust by providing 30 days' prior written notice (the "**Vesting Arrangement**"). The Company was informed by Mr. Cao Zhiming that the Vesting Arrangement has become effective on 23 May 2025, upon which Mr. Cao Changcheng has been removed as the investment manager of Fusen Trust pursuant to the Deed of Settlement and the Investment Management Agreement. Accordingly, the Investment and Management Functions and the power to direct the trustee of Fusen Trust to vote accordingly have been vested in Mr. Cao Zhiming, who is entitled to exercise control and direction over the voting rights attaching to the 180,180,000 Shares held by Fusen Trust through Rayford Global Limited ("**Rayford**") on trust for certain individual Shareholders as beneficiaries (the "**Fusen Trust Shares**"). As a result of the Vesting Arrangement, Mr. Cao Zhiming's voting rights in the Company have increased from 154,651,000 Shares (representing approximately 20.92% of the total number of issued Shares) to 334,831,000 Shares (representing approximately 45.29% of the total number of issued Shares).
- Each of Mr. Hou Taisheng, Mr. Chi Yongsheng, and Ms. Meng Qingfen, who is an executive Director, is a beneficiary under the Fusen Trust, which is entrusted to hold the entire shareholding of Rayford (which holds the Fusen Trust Shares as at 31 December 2025) on trust for certain individual Shareholders as the beneficiaries.

Disclosure of Interests

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON'S INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2026, as far as the Directors are aware, the following persons (not being a Director or chief executive of our Company) have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group:

Our Company

Name	Capacity/Nature	Number of Shares held/ interested (L)	Percentage of interest
Full Bliss ^(Note 2)	Beneficial owner	206,457,000	27.93%
Rayford	Beneficial owner	180,180,000	24.37%
TCT (BVI) Limited ^(Note 3)	Nominee of a trustee	185,180,000	25.05%
THE CORE TRUST COMPANY LIMITED ^(Note 3)	Trustee	185,180,000	25.05%
One Victory	Beneficial owner	154,651,000	20.92%
Ms. Zhou Peilin (formerly known as Ms. Zhou Rui) ^(Note 4)	Interest of spouse	334,831,000	45.29%

Notes:

- The letter "L" denotes the person's long position in such securities.
- Full Bliss Holdings Limited ("**Full Bliss**") is wholly-owned by the estate of the late Mr. Cao Changcheng, who passed away on 31 October 2024. Mr. Cao Changcheng was the former chairman of the Board, a former executive Director and the father of Mr. Cao Zhiming.
- The Core Trust Company Limited is the trustee of Fusen Trust, whereby Mr. Hou Taisheng, Ms. Meng Qingfen, Mr. Fu Jiancheng, Mr. Chi Yongsheng and 43 other individuals are the beneficiaries under Fusen Trust. TCT (BVI) Limited acts as the nominee to the trustee of Fusen Trust, and holds 100% of the issued shares of Rayford. TCT (BVI) Limited is wholly owned by The Core Trust Company Limited. Furthermore, Global Talent Alliance Limited, the nominee of the trustee (namely The Core Trust Company Limited) under the restricted share unit scheme of the Company approved and adopted by the Board on 8 November 2021, holds 5,000,000 Shares. Global Talent Alliance Limited is wholly owned by TCT (BVI) Limited, which in turn is wholly owned by The Core Trust Company Limited. As such, The Core Trust Company Limited and TCT (BVI) Limited are deemed to be interested in (i) 180,180,000 Shares held by Rayford; and (ii) the 5,000,000 Shares held by Global Talent Alliance Limited, pursuant to the SFO.
- Ms. Zhou Peilin is the spouse of Mr. Cao Zhiming (formerly known as Mr. Cao Dudu) and is deemed to be interested in the 334,831,000 Shares in which Mr. Cao Zhiming is interested for the purpose of the SFO.

Disclosure of Interests

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme (the “**Share Option Scheme**”) on 14 June 2018 (the “**Adoption Date**”).

The following table discloses movements in the Company’s share options outstanding under the Share Option Scheme during the period ended 30 June 2026:

Name/category of participants	At 1 January 2026	Date of grant of share options	Exercised during the period	Granted during the period	Lapsed during the period	Canceled during the period	At 30 June 2026	Vesting period of share options	Exercise period (both days inclusive)	Exercise price of share options HK\$ per share	Closing price of shares immediately before date of grant HK\$ per share
Two employees of the Group	16,000,000	19 July 2019	–	–	–	–	16,000,000 in total	All of the share options granted have been vested on 19 October 2019	19 October 2019–13 June 2028	3.098	3.04

During the six months ended 30 June 2026, no share options were granted under the Share Option Scheme.

As at the date of approval of this interim report, there were 16,000,000 outstanding share options granted under the Share Option Scheme, representing approximately 2.2% of the issued share capital of the Company. As at 1 January 2026 and 30 June 2026, the number of share options that may be granted under the Share Option Scheme was 64,000,000 and 64,000,000, respectively, the underlying Shares for which represent approximately 8.7% of the total issued share capital of the Company as at the date of this report.

In order to encourage long-term commitment to the Company and to align the interests of the eligible grantees with the Company’s development, the Board proposed to extend the exercise period of the outstanding options granted under the Share Option Scheme, such that those options may be exercised over a period of not more than 10 years from the date of grant. The annual general meeting held on 30 June 2020 approved the proposed amendment of terms of share options granted, extending the exercise period of the outstanding options for the period from the previous expiry date, being 19 July 2020, to 13 June 2028. The modification took effect on 30 June 2020.

As it is expected that the proposed extension of exercise period would induce and incentivise the holders of the outstanding options to contribute to the growth, development and success of the Group, the Board considers that the proposed extension of exercise period of the outstanding options is in line with the objective of the Share Option Scheme, which also closely aligns the interests of such holders with that of the Shareholders to promote the long-term development and financial performance of the Company.

Please refer to Note 19(a) to the condensed consolidated financial statements of the Group for further information on the Share Option Scheme.

Disclosure of Interests

RESTRICTED SHARE UNIT SCHEME

The Company adopted a restricted share unit scheme (the “**RSU Scheme**” or “**Restricted Share Unit Scheme**”) on 8 November 2021 (the “**Adoption Date**”), the details of which are set out as follows:

1. Purpose of the RSU Scheme

The purposes of the RSU Scheme are to incentivise persons who are eligible to receive restricted share unit(s) (“**RSU(s)**”) (“**Eligible Persons**”) for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

2. Participants of the RSU Scheme

Eligible Persons who may participate in the RSU Scheme include (i) employees or officers of the Group including (without limitation to) any executive or non-executive Directors in the employment of or holding office in the Group, research and development personnel, new product introduction personnel, sales and marketing personnel, medical aesthetic professional personnel and other professional personnel of the Group, and (ii) certain consultants or advisors to the Group.

The Board may select any Eligible Person for participation in the RSU Scheme. Unless so selected, no Eligible Person shall be entitled to participate in the RSU Scheme. The basis of eligibility of any person for the grant of RSUs shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group or such other factors as the Board may deem appropriate.

3. Total number of shares available for issue

The maximum number of RSUs which may be granted under the RSU Scheme shall be such number of Shares held or to be held by the trustee for the purpose of the RSU Scheme from time to time, and which shall in any event, be no more than 10% of the Company’s issued share capital as at the Adoption Date, being 76,993,400 Shares.

As at 30 June 2026, the total number of RSUs available for grant under the RSU Scheme was 71,993,400, the underlying shares for which (if issued) representing approximately 9.7% of the total number of issued shares of the Company as at the date of this report.

Disclosure of Interests

4. Details of the RSUs granted under the RSU Scheme

The number of RSUs available for grant under the RSU Scheme was 71,993,400 and 71,993,400 as at 1 January 2026 and 30 June 2026, respectively. Details of the outstanding RSUs granted under the RSU Scheme and the movements during the six months ended 30 June 2026 are set out as follows:

Name/category of Grantee	Date of Grant	Number of Shares underlying the RSUs outstanding as of the date of grant (Note 1)	Number of Shares underlying the RSUs outstanding as of 1 January 2026	Number of RSUs granted during the Reporting Period	Closing price of the Shares immediately before the date on which the RSUs were granted	Weighted average closing price of the Shares immediately before the vesting date	Vested during the Reporting Period	Lapsed during the Reporting Period (Note 2)	Number of Shares underlying the RSUs outstanding as of 30 June 2026	Vesting period (subject to vesting conditions)	Approximate percentage of total number of Shares in issue as of 30 June 2026
Two employees of the Group (Note 3)	8 July 2022	5,000,000	3,000,000	–	HK\$0.97	–	–	–	3,000,000	(Note 4)	0.406%
Total		5,000,000	3,000,000	–	HK\$0.97	–	–	–	3,000,000	(Note 4)	0.406%

Notes:

- Grantees are not required to make any payment in respect of grant of RSUs. Subject to the terms of the RSU Scheme, RSUs held by an Eligible Person that are vested as evidenced by the vesting notice may be exercised (in whole or in part) by the Eligible Person serving an exercise notice in writing on the trustee and copied to the Company. On 29 July 2022, the Company allotted and issued to Global Talent Alliance Limited, a wholly-owned subsidiary of the trustee appointed by the Board to administer the RSU Scheme (the “**RSU Nominee**”), 5,000,000 new shares (the “**RSU Shares**”), which are the underlying shares of the Company in respect of the 5,000,000 RSUs granted to the two grantees. The RSU Shares are held on trust by the RSU Nominee for the two grantees until the relevant RSUs have been exercised, upon which the RSU Shares will be transferred to the two grantees.
- During the Reporting Period, (i) no RSUs were granted under the RSU Scheme; and (ii) no RSU granted under the RSU Scheme was cancelled, vested or lapsed.
- The two grantees, each granted 2,500,000 RSUs, are business development staff of the Group and are third parties independent of and not connected with the Company, its subsidiaries and its connected persons.
- Subject to the vesting criteria and conditions having been met, the 2,500,000 RSU granted to each of the two Grantees shall vest equally (i.e. 500,000 RSUs) on 8 July 2023, 2024, 2025, 2026 and 2027, respectively. The vesting of the RSUs shall be subject to the satisfaction of the following performance targets: (i) the number of business partners being introduced by the relevant grantee; (ii) number of products being introduced and launched by the Group successfully on such grantee’s effort and (iii) the cost of introducing and launching the relevant products. The RSUs shall be exercised no earlier than 12 months after the respective vesting dates.
- For details of the fair value of the granted RSUs and the basis of the measurement of fair value of RSUs, please refer to Note 19(b) to the condensed consolidated financial statements of the Group in this report.
- The number of RSUs which may be granted under the RSU Scheme as at 30 June 2026 was 71,993,400 RSUs.

Disclosure of Interests

5. Maximum Entitlement of each Eligible Person under the Scheme

The total number of Shares granted and to be granted under the RSU Scheme and any other share scheme(s) of the Company to each Eligible Person (excluding any options and awards lapsed in accordance with the terms of the scheme) in any 12-month period up to and including the date of such grant shall not exceed in aggregate 1% of the total number of Shares in issue (the “**Individual Limit**”). Any further grant to Eligible Persons in excess of the Individual Limit shall be subject to separate approval of the Shareholders in general meeting with such grantees and their associates abstaining from voting.

6. Vesting period

Details of the vesting period of the RSUs granted under the RSU Scheme are set out in the table in the section headed “4. Details of the RSUs granted under the RSU Scheme” above in this report.

7. Subscription Money for Shares issued under the RSU Scheme

The Board shall cause to be paid the subscription money for the underlying Shares in respect of the RSUs granted to an Eligible Person, representing the nominal value of a Share multiplied by the number of Shares to be issued, from the Company’s internal resources. Grantees are not required to make any payment in respect of grant of RSUs.

8. Duration

Subject to any early termination as may be determined by the Board pursuant to the rules relating to the RSU Scheme as amended from time to time, the RSU Scheme shall be valid and effective for a period of ten years, commencing on the date of the first grant of the RSUs.

As no share options or RSUs were granted under all share schemes of the Company during the six months ended 30 June 2026, the number of Shares which were issued or may be issued in respect of options and awards granted under all share schemes of the Company during the six months ended 30 June 2026 divided by the weighted average number of shares of the relevant class in issue for the six months ended 30 June 2026 is nil.

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 period from 1 January 2026 to 30 June 2026, 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 period ended 30 June 2026, 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.

Corporate Governance and Other Information

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 discussed with the management of the Company the internal control and financial reporting matters related to the preparation of the unaudited condensed interim financial report for the six months ended 30 June 2026. It has also reviewed the unaudited condensed interim financial report for the six months ended 30 June 2026 with the management and recommended them to the Board for approval.

The interim report of the Group for the six months ended 30 June 2026 has also been reviewed and approved by the Audit Committee.

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).

Corporate Governance and Other Information

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 report, 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” (甲磺酸多沙唑嗪缓释片) (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.

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.

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	5	(531)	(2,970)
Selling and distribution expenses		(22,949)	(30,595)
General and administrative expenses		(19,363)	(25,107)
Impairment loss/(gain) under expected credit loss model		(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	6	(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	7	(13,574)	(22,725)
Income tax expense	8	(100)	(411)
Loss for the period		(13,674)	(23,136)
Attributable to:			
Equity shareholders of the Company		(13,674)	(23,136)
Non-controlling interests		—	—
Loss for the period		(13,674)	(23,136)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income *(Continued)*

For the six months ended 30 June 2026

(Expressed in Renminbi (RMB)'000, unless otherwise indicated)

	Notes	Six months ended 30 June	
		2026	2025
		RMB'000	RMB'000
		(unaudited)	(unaudited)
Other comprehensive income for the period			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
— 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)
Attributable to:			
Equity shareholders of the Company		(13,639)	(23,121)
Non-controlling interests		—	—
Total comprehensive expense for the period		(13,639)	(23,121)
Loss per share	9		
Basic and diluted (RMB cents)		(1.84)	(3.13)

The accompanying notes form part of this interim financial report.

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	10	12,618	13,172
Property, plant and equipment	10	309,670	318,601
Right-of-use assets	11	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	12	115,764	115,764
		756,891	768,736
Current assets			
Inventories	13	83,228	98,061
Trade and bills receivables	14	119,106	121,955
Prepayments and other receivables	15	194,494	190,835
Cash and cash equivalents	16	87,835	83,843
		484,663	494,694
Current liabilities			
Trade and bills payables	17	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	18	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 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
Non-current liabilities			
Deferred income on government grants		14,059	14,872
Lease liabilities		–	490
Bank and other loans	18	7,000	7,000
Contract liabilities		–	6,500
		21,059	28,862
Net assets		344,282	357,921
Capital and reserves			
Share capital	20	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

The accompanying notes form part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity

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

	Attributable to equity shareholders of the Company									Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory surplus reserve RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2026	6,179	224,229	596	54,071	26,655	(10,528)	16,665	41,380	359,247	(1,326)	357,921
Loss for the period	-	-	-	-	-	-	-	(13,674)	(13,674)	-	(13,674)
Other comprehensive income	-	-	-	-	-	-	35	-	35	-	35
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	35	(13,674)	(13,639)	-	(13,639)
Balance at 30 June 2026 (unaudited)	6,179	224,229	596	54,071	26,655	(10,528)	16,667	27,739	345,608	(1,326)	344,282

	Attributable to equity shareholders of the Company									Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory surplus reserve RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance at 1 January 2025	6,179	224,229	596	54,071	30,066	(10,528)	15,305	49,753	369,671	(1,309)	368,362
Loss for the period	-	-	-	-	-	-	-	(23,136)	(23,136)	-	(23,136)
Other comprehensive income	-	-	-	-	-	-	15	-	15	-	15
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	15	(23,136)	(23,121)	-	(23,121)
Balance at 30 June 2025 (unaudited)	6,179	224,229	596	54,071	30,066	(10,528)	15,320	26,617	346,550	(1,309)	345,241

The accompanying notes form part of this interim financial report.

Condensed Consolidated Statement of Cash Flows

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

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Operating activities		
Cash (used in)/generated from operations	(5,294)	25,541
Net cash (used in)/generated from operating activities	(5,294)	25,541
Investing activities		
Payment for the purchase of property, plant and equipment	(5,037)	(7,317)
Advances to government-related construction entities	—	(55,802)
Repayments from government-related construction entities	—	90,570
Interest received	255	185
Net cash (used in)/generated from investing activities	(4,782)	27,636
Financing activities		
Proceeds from bank and other loans	313,280	356,880
Repayments of bank and other loans	(290,240)	(346,870)
Borrowing costs paid	(8,525)	(7,986)
Capital element of lease rentals paid	(459)	(269)
Interest element of lease rentals paid	(23)	(15)
Net cash generated from financing activities	14,033	1,740
Net increase in cash and cash equivalents	3,957	54,917
Cash and cash equivalents at 1 January	83,843	21,056
Effect of foreign exchange rate changes	35	15
Cash and cash equivalents at 30 June	87,835	75,988

The accompanying notes form part of this interim financial report.

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 Accounting 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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

2 BASIS OF PREPARATION *(Continued)*

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 RMB309,525,000 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.

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 by strategic investors as disclosed in note 25(a) to the condensed consolidated financial statements. Up to the date of approval of the condensed consolidated financial statements, the completion of the whole capital increase are 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 as disclosed in note 25 to the condensed consolidated financial statements, 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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

2 BASIS OF PREPARATION *(Continued)*

Going concern basis *(Continued)*

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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

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 pharmaceutical products line is as follows:

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Types of goods		
Sales of pharmaceutical 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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Revenue *(Continued)*

Transaction price allocated to the remaining performance obligation for contracts with customers

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).

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

5 OTHER INCOME AND OTHER GAINS OR LOSSES, NET

	Six months ended 30 June	
	2026	2025
	RMB'000 (unaudited)	RMB'000 (unaudited)
Government grants	813	1,192
Sales of scrap materials	258	–
Net realised and unrealised gains on financial assets at FVPL	240	–
Others	(1,842)	(4,162)
	(531)	(2,970)

6 NET FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000 (unaudited)	RMB'000 (unaudited)
Interest income on bank deposit	255	185
Finance income	255	185
Interest on bank and other loans	(8,525)	(7,986)
Interest on lease liabilities	(23)	(15)
Finance costs	(8,548)	(8,001)
Net finance costs	(8,293)	(7,816)

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

7 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging the following items:

	Six months ended 30 June	
	2026	2025
	RMB'000 (unaudited)	RMB'000 (unaudited)
Cost of inventories recognised as expense*	64,938	68,296
Research and development costs	2,325	8,707
Staff costs	24,363	31,041
Salaries, wages and other benefits	22,637	28,842
Contributions to defined contribution retirement schemes	1,726	2,199
Included in selling and distribution expenses:		
Depreciation of property, plant and equipment	1,401	1,402
Depreciation of right-of-use assets	17	18
Promotion and advertising costs	14,366	19,095
Included in general and administrative expenses:		
Depreciation of investment property, property, plant and equipment	1,729	1,259
Depreciation of right-of-use assets	2,896	3,301
Amortisation of intangible assets	11	53

* Cost of inventories includes staff costs amounted to approximately RMB5,165,000 and depreciation amounted to approximately RMB11,392,000 totalled RMB16,557,000 for the six months ended 30 June 2026.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

8 INCOME TAX EXPENSE

Taxation in the condensed consolidated statements 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\$2.0 million of assessable profits of the qualifying corporation in the Group are taxed at 8.25%, and assessable profits above HK\$2 million 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 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 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 People's Republic of China and Cai Shui 2018 No.76, eligible R&D expenses not forming intangibles enjoy an additional 100% pre-tax deduction, while capitalised R&D intangibles are amortised at 200% of cost pretax. Qualified technology transfer, development and related services are VAT-exempt; technology transfer income up to RMB5.0 million 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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

9 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 and 2025.

10 INVESTMENT PROPERTY AND PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the addition for the Group on plant and acquired items of equipment amounting to RMB5,037,000 (six months ended 30 June 2025: RMB7,317,000).

As at 30 June 2026, certain of the Group's bank borrowings were secured by the Group's property, plant and equipment and investment property, which had an aggregate carrying amount of RMB77,480,000 as of 30 June 2026 (31 December 2025: RMB55,309,000).

11 RIGHT-OF-USE ASSETS

During the six months ended 30 June 2026, the Group had no addition in right-of-use assets (six months ended 30 June 2025: nil).

As at 30 June 2026, certain of the Group's bank borrowings were secured by the Group's land use rights, which had an aggregate carrying amount of RMB79,077,000 as at 30 June 2026 (31 December 2025: RMB80,295,000).

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

12 LONG-TERM PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Other receivables from government-related construction entities*	113,664	113,664
Prepayment for technological know-how	1,100	1,100
Prepayment for equipment	1,000	1,000
	115,764	115,764

* The amounts represent receivables from government-related construction entities in respect of certain government projects of which RMB50,777,000 (31 December 2025: RMB50,000,000) that was expected to be settled within one year was classified as current assets, and RMB113,664,000 (31 December 2025: RMB113,664,000) that was expected to be settled not within one year was classified as non-current assets respectively. 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.

13 INVENTORIES

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Raw materials	49,978	52,050
Work in progress	154	15,465
Finished goods	33,096	30,546
	83,228	98,061

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

14 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 receivable	79,691	70,961
Represented by:		
Third parties	79,691	70,961
Related parties	—	—
Less: allowance for credit losses	79,691 (3,032)	70,961 (2,756)
	76,659	68,205
	119,106	121,955

- * At 30 June 2026, the Group's bills receivable 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 to 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.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

14 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, with maturity dates within 12 months.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

15 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 the local government	40,607	40,607
Prepayments for raw materials	108,027	94,760
Deductible input VAT	2,242	2,235
Prepayments to related parties	10,456	8,678
Other receivables from government-related construction entities (note 12)	50,777	50,000
Other receivables from staff	3,914	5,940
Other receivables from staff family	2,643	2,643
Advances to salespersons	2,575	2,782
Others	20,413	20,969
Less: allowance for credit losses	(47,160)	(37,779)
	194,494	190,835

16 CASH AND CASH EQUIVALENTS

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Bank deposits	87,835	83,843

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

17 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		
<i>Represented by:</i>		
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)

18 BANK AND OTHER LOANS

	Notes	At 30 June 2026		At 31 December 2025	
		Effective interest rate	RMB'000 (unaudited)	Effective interest rate	RMB'000 (audited)
Borrowings from banks					
— secured	(i)	3.50%–5.50%	64,050	3.50%–5.50%	64,950
— guaranteed	(ii)	3.05%–4.90%	220,750	2.70%–4.90%	204,750
Other loans	(iii)	0.67%–1.20%	28,275	0.68%–3.07%	30,580
Total			313,525		300,280

Notes:

- (i) As at 30 June 2026, these loans are secured by the Group's property, plant and equipment, investment property and right-of-use asset.
- (ii) The guaranteed bank loans were guaranteed by entities controlled by the ultimate controlling party of the Company and an entity controlled by a director of the Company, Mr. Cao Zhiming.
- (iii) Other loans are consisting primarily of discounted bills receivables.

The borrowings were repayable as follows:

	At 30 June 2026 RMB'000 (unaudited)	At 31 December 2025 RMB'000 (audited)
Within 1 year or on demand	306,525	293,280
After 1 year but within 2 years	7,000	7,000
	313,525	300,280

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

19 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Share option scheme adopted on 14 June 2018

On 14 June 2018 (the “**Adoption Date**”), the Company adopted the Share Option Scheme whereby the Board are authorised, at their discretion, to invite employee, director, consultant, adviser and distributor, contractor, business partner or service provider of the Group, to take up options subscribe for shares of the Company. The Share Option Scheme is valid and effective for a period of 10 years commencing on the Adoption Date unless terminated earlier by the Shareholders in general meeting. The maximum number of shares issuable upon exercise of all options to be granted under the Share Option Scheme must not in aggregate exceed 10% of 800,000,000 share.

On 19 July 2019, the Company granted 16,000,000 share options to eligible persons (the “**Grantees**”) under the Share Option Scheme. The options vest after three months from the date of grant and are then exercisable within a period of nine months. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares. In order to encourage long-term commitment to the Company and to align the interests of the eligible grantees with the Company’s development, the exercise period of the outstanding options granted under the Share Option Scheme was extended and the expiry date deferred from 19 July 2020 to 13 June 2028 (“**Modification**”). The Modification took effect on 30 June 2020.

For the six months ended 30 June 2026 and 2025, no share options mentioned above has been exercised, forfeited or expired. As at 30 June 2026, all the 16,000,000 share options remained outstanding and exercisable (2025: same), representing approximately 2.2% (for the six months ended 30 June 2025: 2.2%) of the issued share capital at that date.

The options outstanding at 30 June 2026 had an exercise price of HKD3.098 (for the six months ended 30 June 2025: HKD3.098) and a weighted average remaining contractual life of 2 years (for the six months ended 30 June 2025: 3 years).

(b) Restricted share unit scheme adopted in July 2022

On 8 July 2022, the Company adopted an RSU to recognise and reward the contribution of certain eligible participants to the growth and development of the Group through an award of the Company’s shares. The Company’s shares to be granted under the RSU will be purchased and held by a trustee. The maximum number of shares to be subscribed for and/or purchased by trustee for the purpose of the scheme shall not exceed 10% of the total number of issued shares as at the adoption date.

On 8 July 2022, the Company granted 5,000,000 restricted shares to two of the Group’s employees with a fair value of RMB4,147,000. The restricted shares granted shall vest annually on an equal basis within five years with 500,000 shares each year from the grant date of the RSUs. Moreover, up to 300,000 additional RSUs may be granted to each employee at the Board’s discretion upon achievement of certain performance target. Both of the two employees resigned, resulting in the forfeiture and cancellation of all unvested RSUs.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

20 SHARE CAPITAL

	At 30 June 2026		At 31 December 2025	
	No. of shares	Amount RMB'000 (unaudited)	No. of shares	Amount RMB'000 (audited)
Authorised-ordinary shares of HK\$0.01 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.

21 COMMITMENTS

At the end of the reporting period, the Group has capital commitments as follows:

	At 30 June 2026 RMB'000 (unaudited)	At 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

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2026, the Group has entered into the following material related party transactions:

	Notes	Six months ended 30 June	
		2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Sale of goods	(i)	–	656
Purchase of goods	(ii)	5,463	7,318
Receiving ancillary services	(iii)	–	207

Notes:

- (i) Represent the electricity sold to a company controlled by a director of the Company.
- (ii) Mainly represent medicinal herbs (*lonicera japonica*), steams, packaging materials, and daily necessities purchased from entities controlled by the ultimate controlling party of the Company.
- (iii) Represent ancillary services such as short-term leases of premises, accommodation, catering and other services acquired from entities controlled by the ultimate controlling party of the Company.

23 COMPARATIVE FIGURES

For the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the six months ended 30 June 2025, below items have been reclassified or presented as separate line item.

1. Research and development expenses amounting to RMB6,176,000 has been reclassified as general and administrative expenses;
2. Finance income amounting to RMB402,000 has been reclassified as finance costs; and
3. Net cash used in operating activities amounting to RMB5,517,000 has been reclassified as net cash used in investing activities.

In addition, to conform with current period's presentation, certain comparative figures for the line items on the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows have been reclassified. No further information is presented as there is no material impact to the Group's loss before taxation.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 30 June 2026 RMB'000 (unaudited)	Fair value measurements as at 30 June 2026 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets measured at FVPL	10,108	–	–	10,108

	Fair value at 31 December 2025 RMB'000 (audited)	Fair value measurements as at 31 December 2025 categorised into Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Financial assets measured at FVPL	9,868	–	–	9,868

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS *(Continued)*

Financial assets and liabilities measured at fair value *(Continued)*

For the six months ended 30 June 2026 and 2025, there were no transfers between Level 1 and Level 2, nor transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The fair value of the Group's financial assets measured at FVPL is approximately equal to their initial investment cost. This is attributable to the short period between the transaction dates of these assets and the end of the reporting period, which results in insignificant changes in fair value during the holding period.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2026 and 31 December 2025.

25 EVENTS AFTER THE REPORTING PERIOD

- (a) On 18 June 2026, the Group entered into a capital increase agreement 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.

Upon completion of the capital increase, the Group's equity interest in the Target Company will be diluted from 100% to approximately 66.0%. The Target Company will become an indirect non-wholly owned subsidiary of the Company, and its financial results will continue to be consolidated into the consolidated financial statements of the Group. As the capital increase does not result in a loss of control over the Target Company, the transaction will be accounted for as an equity transaction with the owners of the Company (i.e. a deemed disposal).

Details of this major transaction were disclosed in the announcement of the Company dated 18 June 2026, and the circular of the Company dated 23 June 2026. The transaction was duly approved by the shareholders at the Extraordinary General Meeting held 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 at the date of approval of the condensed consolidated financial statements, the completion of the capital increase is still in progress.

Notes to the Condensed Consolidated Financial Statements *(Continued)*

(Expressed in RMB'000, unless otherwise indicated)

25 EVENTS AFTER THE REPORTING PERIOD *(Continued)*

- (b) As disclosed in the voluntary announcement of the Company dated 10 July 2026, "Doxazosin Mesylate Extended-Release Tablets" (甲磺酸多沙唑嗪缓释片) (trademark: Yijianping 益健平), developed by Henan Fusen Pharmaceutical Company Limited (a wholly-owned subsidiary of the Company), received marketing authorisation from the National Medical Products Administration (NMPA) of China for the treatment of hypertension and benign prostatic hyperplasia.

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 Potassium 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.