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Pa Shun International Holdings Limited

百信國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 574)

DISCLOSURE PURSUANT TO RULES 13.13 AND 13.14 OF THE LISTING RULES

This announcement is made by Pa Shun International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) in compliance with the disclosure requirement under Rules 13.13 and 13.14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

BACKGROUND

During the ordinary course of business of the Group, the Group was required to pay deposits to its suppliers from time to time for the purpose of procurement of pharmaceutical products and becoming eligible to be the sole distributor of the suppliers’ pharmaceutical products in the PRC. In particular, since 2014, the Group has paid deposits to 武漢太福制藥有限公司 (the “**Supplier**”), a supplier of the Group, which have long cooperation history to supply various kinds of pharmaceutical products to the Group, for the purpose of procuring pharmaceutical products from the Supplier. The Supplier would settle the price of the products delivered by it to the Group by utilizing the deposits paid. During the years ended 31 December 2016 and 2017, more deposits were paid to the Supplier for being the sole authorized distributor of newly developed exclusive pharmaceutical products. Due to the delay of the development of the new pharmaceutical products by the Supplier and the outbreak of COVID-19, the deposits paid to the Supplier were not fully

utilized with material balance remained during the years ended 31 December 2016 to 2023. The Supplier's operation improved positively after COVID-19 during the year ended 31 December 2023 and the Company was of the view that the Supplier would be able to continuously supply products to the Group and fully utilize all the deposits paid to the Supplier by 31 December 2025.

INFORMATION OF THE SUPPLIERS

The Supplier is a limited liability company incorporated in the PRC and founded in 1965, that is principally engaged in the production of pharmaceutical products with a factory located in Wuhan City. The ultimate beneficial owner of the Supplier is Xian Li (鲜丽). To the best of the knowledge, information and belief of the directors of the Company (the “**Directors**”), having made all reasonable enquiries, the Supplier and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As at 31 December 2020, the aggregate balance of unutilized deposits paid by the Group to the Supplier amounted to approximately RMB43.89 million, which represented more than 8% of the total assets of the Company as at 31 December 2020. While the deposits were utilized from time to time to settle the payment for the products delivered by the Supplier to the Group, additional deposits have also been made by the Group to the Supplier. As at 28 February 2023, the aggregate balance of unutilized deposits paid by the Group to the Supplier amounted to approximately RMB51.61 million, representing an increase of 3% of the total assets of the Company as at [31 December 2020]. As at 30 November 2023, the aggregate balance of deposits paid by the Group to the Supplier amounted to approximately RMB64.39 million, representing a further increase of 3% of the total assets of the Company as at [30 June 2023].

Since the deposits belong to the Group unless and until the same are utilized by the Supplier and those deposits are paid in the ordinary and usual course of business of the Group, the Directors considered that the deposits did not constitute loan or any kind of financial assistance to the Supplier or any party. Upon further assessment, the deposits paid by the Group to the Supplier constitute advance to an entity under Rules 13.13 and 13.14 of the Listing Rules. Pursuant to Rules 13.13 and 13.14 of the Listing Rules, a general disclosure obligation will arise (i) where any of the relevant advance to an entity exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules and (ii) where there are increases in advance from the previously disclosed under Rule 13.13 of the Listing Rules representing 3% or more of the assets ratio. Accordingly, the Company is under

a general obligation to disclose the details of the advances and the subsequent increases thereof and therefore the above disclosure is made in compliance with the said rules. The Directors consider that the incidents were one-off misinterpretation of the application of Rule 13.13 of the Listing Rules and were isolated events. The Company will implement measures to avoid the reoccurrence of similar incidents in future and provide detailed guideline relating to Rule 13.13 of the Listing Rules for all the Directors as well as its management team in order to strengthen and reinforce their existing knowledge relating to disclosure requirements under Rule 13.13 of the Listing Rules, as well as their ability to identify potential issues at early stage. The Company will also perform internal control review to review the internal control procedures of the Group and complete the same by the end of March 2025 to ensure compliance of Rule 13.13 of the Listing Rules.

The Company will comply with the disclosure requirement according to Rule 13.20 of the Listing Rules for so long as circumstances giving rise to such disclosure obligation continues to exist.

By order of the Board
Pa Shun International Holdings Limited
Yuan Hongbing
Executive Director

Hong Kong, 19 November 2024

As at the date of this announcement, the executive Directors are Mr. Ma Qinghai and Mr. Yuan Hongbing; the non-executive Directors are Mr. Chen Zhongzheng and Mr. Zhou Jinkai and the independent non-executive Directors are Ms. Li Yan, Mr. Khor Khie Liem Alex, Dr. Lowe Chun Yip and Mr. Wong Tung Yuen.