海西新药
HXPharma

Fujian Haixi Pharmaceuticals Co., Ltd.
福建海西新藥創制股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2637)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PROPOSED CHANGE OF EXTERNAL AUDITOR

Reference is made to the announcement of Fujian Haixi Pharmaceuticals Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") dated 15 July 2026 (the "**Announcement**") and the circular dated 15 July 2026 (the "**Circular**") in relation to the proposed change of external auditor and the poll results announcement of the Company dated 4 August 2026. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcement and the Circular. The Board wishes to provide the Shareholders and potential investors of the Company with additional information about the proposed Change of External Auditor as follows:

REASONS LEADS TO THE CHANGE OF EXTERNAL AUDITOR

The detailed chronology of events leading to the Company's Change of External Auditor after the Company's last annual general meeting is set out below.

Date	**Events**
22 April 2026	The Company received a request from the Fuzhou Cangshan District Bureau of Industry and Information Technology (福州市倉山區工業和信息化局) requiring the Company to provide an audit report prepared under CASBE in order to participate in the "Little Giant" (專精特新「小巨人」) enterprise evaluation programme.

1 June 2026	China Merchants Bank notified the Company that it was required to supplement its 2025 audit report prepared under CASBE in order to complete the Company's credit facility application.
2 June 2026	Industrial Bank issued a substantially similar request in connection with a separate credit facility application.
5 June 2026	Given the above requests and the expectation that similar CASBE requirements may recur, the Company's finance department reported the matter to the Audit Committee and recommended a change of accounting standards.
17 June 2026 to 22 June 2026	The Company issued invitation-to-bid notices to four audit firms and the Company successively received notices from each audit firm confirming their participation in the bid.
25 June 2026	The Audit Committee convened a tender meeting at which four audit firms, including RSM and Deloitte, presented their audit proposals, engagement team credentials, and independence and compliance confirmations. The Audit Committee also communicated separately with Deloitte at the meeting regarding the potential change of auditor and confirmed there were no audit issues or disagreements.
9 July 2026	The Audit Committee resolved to adopt CASBE, dismiss Deloitte and nominate RSM, and made the corresponding recommendations to the Board.
15 July 2026	The Board approved the Audit Committee's recommendations and formally notified Deloitte the dismissal proposal.

The Company wishes to clarify that it was the receipt, within a relatively short and concentrated period around and after the last annual general meeting dated 27 May 2026, of successive and specific requests from PRC governmental authorities and PRC commercial banks for audit report prepared under CASBE that prompted the Company to reassess the appropriateness of its existing financial reporting framework. The Company received the first such request from the Fuzhou Cangshan District Bureau of Industry and Information Technology on 22 April 2026, followed by further requests from China Merchants Bank and Industrial Bank on 1 June 2026 and 2 June 2026 respectively. It was the cumulative and recurring nature of these requests, rather than any single isolated instance, that led the Company's finance department to conclude that similar requirements were likely to arise again in connection with future government subsidy applications and bank financing arrangements, and to report this assessment to the Audit Committee on 5 June 2026 with a recommendation to consider a change in the applicable accounting standards.

The Board and Audit Committee further noted that, absent such a change, the Company would need to prepare two separate sets of audited financial statements on an ongoing basis, namely one under IFRS and another under CASBE to satisfy the recurring requirements of PRC governmental authorities and PRC banks, which would result in duplicated audit work and additional audit fees each year. Accordingly, the Company initiated the external auditor selection process and engaged in communications with several qualified professional accounting firms regarding their audit proposals, service arrangements and fee levels for the 2026 audit under CASBE during mid-June 2026. As disclosed in the Circular, RSM is recognised by the Ministry of Finance and the China Securities Regulatory Commission and is qualified to audit, under CASBE, the financial statements of issuers incorporated in mainland China and listed in Hong Kong, such that adopting CASBE as the Company's primary reporting framework and appointing RSM accordingly would remove the need to prepare two separate sets of financial statements.

Accordingly, the Change of External Auditor reflects the Board's and the Audit Committee's considered response to this pattern of external requirements as it developed and became apparent over this period, rather than any deficiency in audit services previously provided by Deloitte, with whom the Company has confirmed there are no disagreements or outstanding matters. The Board and the Audit Committee also consider it in the interests of the Company and the Shareholders to implement the Change of External Auditor at this stage so that CASBE can be adopted, and RSM engaged, in respect of the audit for the financial year ending 31 December 2026 and so that RSM is given sufficient time to plan and carry out the 2026 audit, as opposed to the Change of External Auditor being implemented shortly before the 31 December year end, which would compress the available time for audit planning and fieldwork.

THE ASSESSMENT OF AUDIT COMMITTEE

The Audit Committee has evaluated the proposed appointment of RSM as the incoming auditor of the Company by reference to the framework set out in Section 2 of the Guidelines for Effective Audit Committees — Selection, Appointment and Reappointment of Auditors issued by the AFRC (the "**Guide**"), and in particular the six factors identified in the Guide for evaluating a potential auditor from an audit quality perspective, namely governance and leadership, compliance with relevant ethical requirements, industry knowledge and technical competence, engagement performance, communication and interaction with the audit committee, and the monitoring process.

Governance and Leadership

The Audit Committee has reviewed RSM's organisational structure, leadership profile and quality management system, and is satisfied that RSM maintains clear reporting lines, delegation of authority and accountability mechanisms that support the effective discharge of the audit function in the public interest. The proposed audit engagement will be jointly led by two engagement partners, one with over 24 years of experience at an international "Big Four" accounting firm and the other with over 20 years of experience auditing PRC-listed companies' annual reports, supported by a dedicated engagement quality control review partner with substantial audit experience. On this basis, the Audit Committee is satisfied that RSM possesses adequate governance and leadership capabilities to support the delivery of a high-quality audit.

Compliance with Relevant Ethical Requirements

The Audit Committee has discussed independence matters with RSM. RSM has confirmed that it complies with the Code of Ethics for Chinese Certified Public Accountants and the Chinese Certified Public Accountants Standard on Auditor Independence No. 1 — Independence Requirements for Audits and Reviews of Financial Statements (Cai Kuai [2024] No. 29), and adheres to the principles of independence, objectivity and integrity. RSM has further confirmed that there are no relationships between RSM and the Company that could impair independence, and that no member of the proposed engagement team has any family or personal relationship with the Company that could give rise to self-interest, familiarity or intimidation threats to independence in respect of the 2026 audit. The Audit Committee has obtained information from RSM's engagement partners and cross-checked it against information relating to the Company's directors, substantial shareholders and senior management, and has confirmed that there is no relationship between the Company and RSM's engagement partners that would affect RSM's independence.

Industry Knowledge and Technical Competence

Based on publicly available information, the Audit Committee notes that RSM is one of the largest domestic accounting firms in the PRC, with a service scope covering both domestic and international capital markets, and has provided IPO audit, listed company annual audit, share placement, bond issuance, merger and acquisition, and major restructuring services to a broad range of enterprises, including large state-owned enterprises. RSM currently acts as auditor for approximately 560 A-share listed companies, over 300 companies listed on the National Equities Exchange and Quotations, and approximately 70 Hong Kong-listed companies. The proposed engagement team comprises two partners, one engagement quality control review partner, two managers, three senior auditors and four junior auditors, all of whom have listed company audit experience, and all partners and managers hold the Chinese Certified Public Accountant qualification.

The Audit Committee has specifically considered RSM's experience in the pharmaceutical industry, noting that RSM has extensive practical audit experience with comparable enterprises, including Shanghai Junshi Biosciences Co., Ltd. (688180.SH / 01877.HK), a dual A+H listed pharmaceutical company established in 2012 covering the full value chain of innovative drug research and development, production and commercialisation, focusing on oncology, autoimmune disease, metabolic disease and infectious disease, and Wantai Biological Pharmacy Enterprise Co., Ltd. (603392.SH), established in 1991 and a high-technology listed biopharmaceutical enterprise focused on in-vitro diagnostics and innovative vaccines, including the world's first recombinant hepatitis E vaccine and China's first domestically developed nine-valent HPV vaccine. Both companies are existing clients of RSM. In addition to these two engagements, RSM has provided audit services to more than 30 A-share or H-share listed companies in comparable industries, and the proposed engagement team has practical experience on listed company audit engagements with business characteristics similar to those of the Company.

Engagement Performance

The Audit Committee has reviewed RSM's proposed work schedule for the 2026 audit, which sets out the key stages of the audit and the corresponding audit procedures. Having assessed the composition of the engagement team against the scale of the Company's business, the Audit Committee is satisfied that RSM has allocated sufficient personnel, with an appropriate range of seniority, technical competence and supervisory capability, to safeguard the quality of the audit.

Communication and Interaction with the Audit Committee

The Audit Committee has agreed with RSM that effective and continuous communication will be maintained throughout all stages of the audit process, including regular meetings to discuss any issues arising during the course of the audit in a timely manner.

Monitoring Process

The Audit Committee has evaluated RSM's monitoring procedures by reference to the quality management framework established under Standard on Quality Management for Accounting Firms No. 5101 — Quality Management for Firm's Operations and Standard on Quality Management for Accounting Firms No. 5102 — Engagement Quality Reviews, together with engagement-level supervisory and review arrangements. RSM has confirmed its compliance with these quality management standards. The Audit Committee has also conducted public searches on the websites of relevant regulatory authorities and has not identified any disciplinary action against RSM, the engagement partners or the engagement quality control review partner that could have a material adverse effect on their independence, professional competence or the quality of the audit.

Assessment of the Scope and Characteristics of the Engagement of Paragragh 2.2.24 of the Guide

The Audit Committee has also considered whether the audit strategy adequately covers the five aspects of the scope and characteristics of the engagement pursuant to paragraph 2.2.24 of the Guide.

Preliminary Identification of Significant Components, Areas of Higher Risk, the Audit Approach, and the Extent to which Components are Audited by Other Auditors

The Audit Committee has reviewed the relevant content of the audit strategy concerning the identification of significant components. RSM will strictly follow the requirements of the Chinese Standards on Auditing No. 1401 (中國註冊會計師審計準則第1401號) and adopt a combined quantitative and qualitative approach to identify significant components. At the quantitative level, appropriate financial materiality benchmarks (such as key indicators including assets, profit or revenue) will be set based on the Group's overall scale and risk characteristics, and components that meet or exceed such benchmarks will be identified. At the qualitative level, a systematic assessment will be conducted as to whether each component presents particular risks arising from the nature of its business, operating environment, transaction complexity, changes in management, history of misstatements, regulatory attention or consistency of accounting policies, such that it should be identified as a significant component. The Audit Committee considers that this identification methodology is scientific and prudent, with the quantitative and qualitative dimensions complementing each other to ensure that areas of potential material misstatement risk are comprehensively identified and adequately covered, which is consistent with the requirements of the auditing standards and the actual circumstances of the Group.

The Audit Committee has reviewed the relevant content of the audit strategy concerning the identification of areas of higher risk. The audit strategy has systematically identified the higher risk areas that may lead to material misstatement, covering key matters such as revenue recognition in respect of centralised procurement business, inventory impairment, fair value measurement of financial instruments, and research and development expenses and selling expenses. This identification process has fully taken into account changes in the operating environment during the current year, historical experience accumulated from prior audits, and overall industry development trends. The Audit Committee considers the identification of the above areas to be comprehensive and reasonable, enabling audit resources to be concentrated on areas of significant risk, which is consistent with the requirements of the auditing standards and the actual circumstances of the Group.

The Audit Committee has reviewed the relevant content of the audit strategy concerning the audit approach. At the level of audit approach, the audit strategy is risk-oriented, incorporating an assessment of the design and implementation of the internal controls of the audited entities, and comprehensively applying substantive analytical procedures, tests of details and tests of controls, with audit resources concentrated on the identified higher risk areas.

The Audit Committee has reviewed the description in the audit strategy concerning the scope of the audit of components. The Group's audit does not involve any component audit work being performed by other auditors, and all audit work will be undertaken by RSM, which will issue the audit report on a unified basis. Accordingly, arrangements involving component auditors are not applicable. The Audit Committee has confirmed that the above matters have been adequately reflected in the audit strategy.

Key Audit Matters Identified by the Incumbent Auditor, and Common Key Audit Matters of Entities in the Same Industry

The Audit Committee has reviewed the description in the audit strategy concerning key audit areas. Pursuant to the Chinese Standards on Auditing (中國註冊會計師審計準則), key audit matters are those matters that, in the auditor's professional judgement, are of most significance in the audit of the financial statements of the current period, and are selected from matters communicated by the auditor with those charged with governance. On this basis, RSM has, having regard to the Group's actual circumstances and the characteristics of the industry in which it operates, preliminarily identified the key audit areas for the current year, mainly comprising revenue recognition in respect of centralised procurement business, inventory impairment, fair value measurement of financial instruments and research and development expenses. RSM has also had regard to the key audit matters commonly identified in the audit reports of listed companies in the same industry, mainly comprising revenue recognition, research and development expenses, capitalisation and impairment of development expenditure, and goodwill impairment. RSM will finalise the key audit matters for the current year based on the actual conduct of the audit and its communications with the Audit Committee. The Audit Committee considers that RSM's identification of key audit areas has fully taken into account the Group's business characteristics and common industry risks, and that the relevant determinations are reasonable.

Industry-Specific Requirements

The Audit Committee has reviewed the relevant analysis in the audit strategy concerning industry-specific requirements. In formulating the audit strategy, RSM has, drawing on its in-depth understanding of the pharmaceutical industry in which the Group operates, fully taken into account industry-specific requirements and operating characteristics, covering, among other things, an overview of the industry (including industry concepts, scope of services and operations, business cooperation models, market size and development trends), the operating characteristics of representative listed companies in the industry, and the regulatory environment of the industry. The Audit Committee considers that RSM's identification and consideration of industry-specific requirements are comprehensive and thorough, and that the design of the relevant audit procedures is able to effectively address the material misstatement risks specific to the industry, which is consistent with the requirements of the auditing standards and the actual circumstances of the Group.

The Need for Specialised Expertise

The Audit Committee has reviewed the description in the audit strategy concerning the need for specialised knowledge and expertise. The Audit Committee notes that RSM has extensive practical audit experience in the pharmaceutical industry, having provided audit services to a number of well-known pharmaceutical enterprises, including Shanghai Junshi Biosciences Co., Ltd. (688180.SH / 01877.HK) and Wantai Biological Pharmacy Enterprise Co., Ltd. (603392.SH). The proposed engagement team comprises two partners, one engagement quality control review partner, two managers, three senior auditors and four junior auditors, all of whom have listed company audit experience, and all partners and managers hold the Chinese Certified Public Accountant qualification. The core team members all have many years of listed company audit experience and practical audit experience with listed companies with business characteristics similar to those of the Company, enabling them to effectively address the specialised audit requirements specific to the pharmaceutical industry. The Audit Committee considers that RSM's identification of the need for specialised expertise is thorough and appropriate, and that the relevant allocation of human resources is reasonable and sufficient to meet the professional requirements of this audit engagement, which is consistent with the requirements of the auditing standards and the actual circumstances of the Group.

The Timetable and Form of Reporting of Audit Findings

The Audit Committee has confirmed that it has reviewed the arrangements in the audit strategy concerning the timetable and form of reporting of audit findings. Pursuant to the audit work plan, the audit work for the current year will proceed in an orderly manner through three phases, namely preparation, execution and reporting, specifically covering the formulation of the detailed audit plan, the conduct of preliminary review work, the conduct of final review work and the issuance of the report, with the commencement and completion dates, key milestones (including the dates of commencement of fieldwork, preliminary review, final review, issuance of preliminary audit opinion and issuance of the formal audit report) and the resource allocation for each phase having been clearly set out. Audit findings will be reported to the Audit Committee in a timely manner through regular meetings, written communications and other means, and will ultimately be formally presented in the form of a written audit report, supplemented by oral reporting and communication at Audit Committee meetings. The Audit Committee considers that the above timetable and form of reporting are adequate and reasonable, and are able to ensure that the Audit Committee obtains timely updates on audit progress and key findings, thereby enabling it to effectively discharge its supervisory responsibilities, which is consistent with the requirements of the auditing standards and the actual circumstances of the Group.

Conclusion

Having considered the factors set out above with detailed basis, the Audit Committee is satisfied that RSM is independent, competent and capable of performing a high-quality audit of the Company, and that its appointment as the incoming auditor is appropriate.

PROPOSED AUDIT PLAN OF RSM FOR THE YEAR ENDING 31 DECEMBER 2026

RSM has submitted to the Audit Committee its overall audit strategy and detailed audit plan for the year ending 31 December 2026, confirming that the audit will be conducted in accordance with the CASBE and applicable professional ethical requirements. The plan covers three phases: (i) an audit planning stage (understanding the Group and its environment, determining materiality, defining group audit scope and component-level procedures, and evaluating the control environment); (ii) an audit execution phase (substantive procedures, examination of significant and related party transactions, evaluation of accounting estimates and judgements, and review of consolidated financial statement presentation and disclosures); and (iii) an audit completion phase (evaluation of misstatements, management representations, subsequent events, going concern assessment, quality review and finalisation of the audit report).

The proposed timetable, with detailed procedures and steps, is set out below:

Timing	Key Activities
1 December 2026 to 19 December 2026	Kick-off communication with management; request preliminary supporting documents for the period ended 30 November 2026 and perform internal control and substantive procedures for that period.
20 December 2026	Discuss preliminary audit findings with management.
Late December 2026	Observation procedures over the physical counting of cash, inventories, fixed assets, and other related items.
Early January 2027	Send confirmation letters to banks, customers, suppliers, etc.
10 January 2027 to 28 February 2027	Perform on-site fieldwork, including internal control testing and substantive procedures (inquiry, observation, inspection, recalculation, etc.)
Early March 2027	Prepare draft audit report and submit for engagement quality review
Late March 2027	Perform final analytical review and misstatement evaluation; obtain management representations; complete engagement quality control review; report key audit findings and proposed audit opinion to the management and the Audit Committee; sign and issue the audit report

The engagement team comprises two engagement partners, one engagement quality review partner, two managers, three senior auditors, four junior auditors, and dedicated IT and valuation experts, committing a total of 4,640 working hours (240 partner hours, 80 quality review partner hours, 960 manager hours, 1,440 senior auditor hours and 1,920 junior auditor hours). Having assessed this staffing and hours commitment against the scale and complexity of the Group's business and the additional workload arising from the CASBE transition, and having confirmed that RSM has already obtained a preliminary understanding of the Group's business and financial information sufficient to identify key audit areas, the Audit Committee is satisfied that the proposed timetable is reasonable and sufficient, and that RSM's committed resources are adequate, for RSM to complete all necessary audit procedures without compromising audit quality.

THE PROPOSED INTERIM REVIEW TIMETABLE OF RSM FOR THE SIX MONTH ENDED 30 JUNE 2026

RSM has submitted to the Audit Committee its work plan for the review of the Company's interim financial statements for the six months ended 30 June 2026, setting out the key stages and corresponding procedures. The proposed timetable is set out below:

Timing	Key Activities
Before 4 August 2026	Communication with Deloitte to obtain its response and clearance.
4 August 2026	Completion of engagement acceptance and execution of the engagement letter after obtaining the Shareholders' approval at the 2026 First EGM.
5 August 2026	Allocation of specific personnel and their respective responsibilities, preparation of the document request list and collection of information.
5 August 2026 to 18 August 2026	RSM's engagement team to commence on-site fieldwork and formally begin the interim review, including interviews, inspection, examination, analytical procedures and other implementation stage work. Completion of on-site review work, preparation of working papers and drafting of the review report in accordance with the applicable review procedures and methodology.

18 August 2026 to 28 August 2026	Communication with the Company on the preliminary review results and identified issues during the review; completion of RSM's internal three-tier review and independent review by its quality control department, and revision of the working papers and report in accordance with the review comments; overall review of the Company's interim report data.
28 August 2026	Issuance of the formal review report.

As at the date of this announcement, RSM has accepted engagement and started the interim review work for the six months ended 30 June 2026.

By order of the Board
Fujian Haixi Pharmaceuticals Co., Ltd.
Dr. Kang Xinshan
Executive Director, Chairman and General Manager

Hong Kong, 11 August 2026

As of the date of this announcement, the Board comprises (i) Dr. Kang Xinshan, Ms. Feng Yan, Dr. Chen Guangming, Mr. Li Junqing and Mr. Chen Tingze as executive Directors; (ii) Mr. Xu Dong as non-executive Director; and (iii) Ms. Wang Shan Shan, Ms. Pu Meiting and Mr. Lin Bin as independent non-executive Directors.