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Sincopharmaceuticals Holdings Limited

兴科蓉医药控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 6833)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue of the Group decreased by 21.7% or RMB331.1 million to RMB1,195.8 million for the Reporting Period (six months ended 30 June 2024: RMB1,526.9 million), among which revenue from sales of pharmaceutical products decreased by approximately RMB329.5 million, while revenue from medical beauty services decreased by RMB1.6 million.
- In line with the decrease in the Group's revenue, the gross profit of the Group decreased by RMB42.5 million to RMB130.7 million for the Reporting Period (six months ended 30 June 2024: RMB173.2 million), while the gross profit margin decreased from 11.3% to 10.9%, which was caused by the decline in the selling price due to the intensified market competition.
- During the Reporting Period, the net profit slightly increased by approximately RMB0.5 million to RMB24.4 million (six months ended 30 June 2024: RMB23.9 million). As state above, although the revenue and gross profit decreased, the overall expenses, including selling and distribution expenses, administrative expenses and income tax expense, were decreased even more, so the net profit has achieved a slight increase.
- During the Reporting Period, net profit attributable to owners of the Company amounted to RMB24.4 million (six months ended 30 June 2024: RMB23.9 million), representing an increase in net profit attributable to owners of the Company by RMB0.5 million.
- Basic and diluted earnings per share amounted to RMB0.0120 for the Reporting Period (six months ended 30 June 2024: RMB0.0117).
- The Board resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2024: Nil).

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sinco Pharmaceuticals Holdings Limited (the “**Company**”) hereby announces the unaudited interim condensed consolidated results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with the comparative figures for the six months ended 30 June 2024 and the comparative figures as at 31 December 2024.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
REVENUE	4	1,195,817	1,526,851
Cost of sales		<u>(1,065,118)</u>	<u>(1,353,639)</u>
Gross profit		130,699	173,212
Other income and gains	5	9,855	14,394
Selling and distribution expenses		(28,393)	(36,468)
Administrative expenses		(39,476)	(61,187)
Provision for impairment losses on trade receivables		(11,003)	(4,232)
Other expenses and losses		(6,671)	(8,605)
Changes in fair value on contingent consideration at fair value through profit or loss		–	(1,781)
Finance costs	6	<u>(18,455)</u>	<u>(7,339)</u>
PROFIT BEFORE TAX	7	36,556	67,994
Income tax expense	8	<u>(12,167)</u>	<u>(44,124)</u>
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		<u>24,389</u>	<u>23,870</u>
Earnings per share attributable to owners of the Company:			
Basic and Diluted			
– For profit for the period (RMB)	10	<u>RMB0.0120</u>	<u>RMB0.0117</u>

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2025

		30 June 2025	31 December 2024
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		294,600	297,703
Investment property		5,871	5,961
Right-of-use assets		69,855	73,655
Other intangible assets		49,528	41,947
Goodwill		66,536	66,536
Deferred tax assets		5,174	2,422
Total non-current assets		491,564	488,224
CURRENT ASSETS			
Inventories		274,044	352,337
Trade and bills receivables	<i>11</i>	727,071	608,248
Prepayments, other receivables and other assets		132,437	140,237
Pledged deposits		22,105	103,057
Bank balances and cash		232,625	308,320
Total current assets		1,388,282	1,512,199
CURRENT LIABILITIES			
Trade and bills payables	<i>12</i>	919,557	887,968
Contract liabilities		9,859	27,731
Other payables and accruals		22,658	49,368
Bank borrowings		221,621	340,857
Tax payable		15,149	20,589
Lease liabilities		4,600	5,139
Total current liabilities		1,193,444	1,331,652
NET CURRENT ASSETS		194,838	180,547
TOTAL ASSETS LESS CURRENT LIABILITIES		686,402	668,771

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
NON-CURRENT LIABILITIES		
Bank borrowings	–	50
Deferred tax liabilities	1,126	1,351
Lease liabilities	1,678	4,491
	<hr/>	<hr/>
Total non-current liabilities	2,804	5,892
	<hr/>	<hr/>
Net assets	683,598	662,879
	<hr/>	<hr/>
EQUITY		
Equity attributable to owners of the Company		
Issued capital	164	164
Reserves	683,434	662,715
	<hr/>	<hr/>
Total equity	683,598	662,879
	<hr/>	<hr/>

NOTES TO INTERIM CONDENSED FINANCIAL INFORMATION

30 June 2025

1. 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 (the “IASB”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

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

Other than change in accounting policies resulting from application of amendments to IFRS Accounting Standards (“IFRSs”) of the IASB, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to IAS 21

Lack of Exchangeability

The application of the amendments to IFRSs 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.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their services and products and has three (six months ended 30 June 2024: three) reportable operating segments as follows:

- (a) the sale of imported pharmaceutical products segment;
- (b) the research and manufacturing of aesthetic medicine segment; and
- (c) the medical beauty services segment.

Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that other income and gains, other expenses and losses, finance costs not related to lease and charges attributable to issue of letters of credit and corporate and other unallocated expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged deposits, bank balances and cash and corporate and other unallocated assets as these assets are managed on a group basis.

Segment liabilities exclude bank borrowings, deferred tax liabilities, tax payable and corporate and other unallocated liabilities as these liabilities are managed on a group basis.

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2025 and 30 June 2024, respectively.

Six months ended 30 June 2025

Segments	Sale of imported pharmaceutical products <i>RMB'000</i> (Unaudited)	Research and manufacturing of aesthetic medicine <i>RMB'000</i> (Unaudited)	Medical beauty services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue (note 4)				
Sales to external customers	1,186,337	–	9,480	<u>1,195,817</u>
Segment results	50,156	(3,186)	4,858	51,828
Reconciliation:				
Corporate and other unallocated expenses				(2,538)
Other income and gains				9,855
Other expenses and losses				(6,671)
Finance costs (other than interest on lease liabilities and finance charges attributable to issue of letters of credit)				<u>(15,918)</u>
Profit before tax				<u>36,556</u>

Six months ended 30 June 2024

Segments	Sale of imported pharmaceutical products <i>RMB'000</i> (Unaudited)	Research and manufacturing of aesthetic medicine <i>RMB'000</i> (Unaudited)	Medical beauty services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment revenue (note 4)				
Sales to external customers	1,515,758	–	11,093	<u>1,526,851</u>
Segment results	68,114	(2,917)	4,346	69,543
Reconciliation:				
Corporate and other unallocated expenses				(2,401)
Other income and gains				14,394
Other expenses and losses				(8,605)
Finance costs (other than interest on lease liabilities and finance charges attributable to issue of letters of credit)				<u>(4,937)</u>
Profit before tax				<u>67,994</u>

The following table presents information of assets and liabilities of the Group's operating segments as at 30 June 2025 and 31 December 2024.

As at 30 June 2025

Segments	Sale of imported pharmaceutical products <i>RMB'000</i> (Unaudited)	Research and manufacturing of aesthetic medicine <i>RMB'000</i> (Unaudited)	Medical beauty services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Segment assets	1,431,429	108,515	79,974	1,619,918
Reconciliation:				
Corporate and other unallocated assets				24
Deferred tax assets				5,174
Bank balances and cash				232,625
Pledged deposits				22,105
Total assets				1,879,846
Segment liabilities	944,693	9,104	3,846	957,643
Reconciliation:				
Corporate and other unallocated liabilities				709
Bank borrowings				221,621
Tax payable				15,149
Deferred tax liabilities				1,126
Total liabilities				1,196,248

As at 31 December 2024

Segments	Sale of imported pharmaceutical products <i>RMB'000</i> (Audited)	Research and manufacturing of aesthetic medicine <i>RMB'000</i> (Audited)	Medical beauty services <i>RMB'000</i> (Audited)	Total <i>RMB'000</i> (Audited)
Segment assets	1,419,767	85,628	80,409	1,585,804
Reconciliation:				
Corporate and other unallocated assets				820
Deferred tax assets				2,422
Bank balances and cash				308,320
Pledged deposits				103,057
Total assets				<u>2,000,423</u>
Segment liabilities	937,708	6,078	30,826	974,612
Reconciliation:				
Corporate and other unallocated liabilities				85
Bank borrowings				340,907
Tax payable				20,589
Deferred tax liabilities				1,351
Total liabilities				<u>1,337,544</u>

4. REVENUE

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2025

Segments	Sale of imported pharmaceutical products <i>RMB'000</i> (Unaudited)	Medical beauty services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services			
Sales of pharmaceutical products	1,186,337	–	1,186,337
Medical beauty services	–	9,480	9,480
Total revenue from contracts with customers	<u>1,186,337</u>	<u>9,480</u>	<u>1,195,817</u>

For the six months ended 30 June 2024

Segments	Sale of imported pharmaceutical products <i>RMB'000</i> (Unaudited)	Medical beauty services <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Types of goods or services			
Sales of pharmaceutical products	1,515,758	–	1,515,758
Medical beauty services	–	11,093	11,093
Total revenue from contracts with customers	<u>1,515,758</u>	<u>11,093</u>	<u>1,526,851</u>

Geographical market

All revenue from contracts with customers of the Group during the reporting period was attributable to customers located in the Mainland China, the place of domicile of the Group's operating entities. The Group's non-current assets are all located in the Mainland China.

Timing of revenue recognition

All revenue from contracts with customers of the Group for the reporting period is recognised when goods or services are transferred at a point in time.

Information about major customers

During the six months ended 30 June 2025, revenue from contracts with customers of approximately RMB508,365,000 (for the six months ended 30 June 2024: approximately RMB257,142,000) was derived from 3 (2024: 1) major customers and contributed to 10% or more (for the six months period ended 30 June 2024: 10% or more) of the total revenue of the Group during the six months ended 30 June 2025.

5. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Service income	5,645	7,160
Bank interest income	1,363	4,500
Government grants*	723	1,112
Rental income from investment property	11	293
Gain on disposal of subsidiaries	1,808	–
Others	305	1,329
	9,855	14,394

* There were no unfulfilled conditions or contingencies relating to the government grants.

6. FINANCE COSTS

	Note	For the six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Interest on lease liabilities		167	178
Finance charges attributable to issue of letters of credit		2,370	2,224
Interest on bank borrowings		8,418	4,937
Guarantee fee to Mr. Huang	(a)	7,500	–
		18,455	7,339

Note:

- (a) On 30 September 2024, the Company entered into a Guarantee Agreement with Mr. Huang, the executive director and chairman of the Company, pursuant to which Mr. Huang agreed to provide guarantees to the Company or any of its designated subsidiaries for their obligations in respect of loan facilities obtained from financial institutions. The Guarantee Agreement remains in effect from the date of the Guarantees Agreement to 30 September 2027, with the maximum annual guarantee fee payable to Mr. Huang not exceeding RMB15,000,000.

7. PROFIT BEFORE TAX

The Group's profit before tax was arrived at after charging:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cost of inventories sold	1,061,234	1,349,568
Cost of services provided	3,884	4,071
Depreciation of property, plant and equipment	9,777	5,684
Depreciation of investment property	90	90
Depreciation of right-of-use assets	3,260	2,825
Amortisation of other intangible assets (included in administration expenses)	1,576	1,512
Short-term lease payments	457	512

8. INCOME TAX EXPENSE

The major components of income tax expense are as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
– Mainland China	10,464	25,979
– Hong Kong	–	165
– other jurisdiction	4,679	1,302
	15,143	27,446
Under provision in prior year		
– Mainland China	–	18,400
Total current tax	15,143	45,846
Deferred tax	(2,976)	(1,722)
	12,167	44,124

9. DIVIDENDS

During the current interim period, a final dividend of HK\$0.20 cents per share in respect of the year ended 31 December 2024 (for the six months period ended 30 June 2024: HK\$0.39 cents per share in respect of the year ended 31 December 2023) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK\$4,000,000 (equivalents to approximately RMB3,670,000) (for the six months period ended 30 June 2024: HK\$8,000,000 (equivalents to approximately RMB7,218,000)).

Subsequent to the end of the current interim period, the directors of the Company have resolved not to recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

10. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted earnings per share attributable to owners of the Company are based on the following data:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculation	<u>24,389</u>	<u>23,870</u>
	Number of shares	
	30 June	30 June
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted earnings per share calculation	<u>2,032,890,585</u>	<u>2,032,890,585</u>

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2025 and 2024 in respect of a dilution as there is no potential ordinary shares in issue as at 30 June 2025 and 2024.

11. TRADE AND BILLS RECEIVABLES

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	635,828	515,816
Impairment	<u>(17,163)</u>	<u>(6,160)</u>
Trade receivables, net of impairment	618,665	509,656
Bills receivables*	<u>108,406</u>	<u>98,592</u>
	<u>727,071</u>	<u>608,248</u>

* Bills receivables as at 30 June 2025 and 31 December 2024 were classified as financial assets at fair value through profit or loss as they were held for endorsement or discounting.

As at 30 June 2025, trade receivables of approximately RMB467,725,000 (31 December 2024: approximately RMB390,182,000) were covered by letters of credit.

An ageing analysis of the trade receivables as at the end of the reporting periods, based on the date of revenue recognised and net of loss allowance, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 3 months	615,806	501,660
Over 3 months	2,859	7,496
	<u>618,665</u>	<u>509,656</u>

12. TRADE AND BILLS PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade payables	819,557	873,889
Bills payables	100,000	14,079
	<u>919,557</u>	<u>887,968</u>

An ageing analysis of the trade and bills payables based on the issuance date of the pharmaceuticals' inspection reports are as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 3 months	919,557	887,968

The Group's bills payables as at 30 June 2025 was secured by the pledge of certain of the Group's deposits amounting to RMB100,000,000 (2024: RMB14,079,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2025, although the overall global macro economy undergoes moderate recovery, the recovery pace varies from region to region with the environment continued to be surrounded by external uncertainties. Under the backdrop of tightening policy regulation and the normalisation of anti-corruption in China, the standardisation of the pharmaceutical industry has been increasing. Meanwhile, the state continues to advance its policies in specific areas such as the rare diseases and blood products, facilitating the supply-side reform in the industry.

During the Reporting Period, the total batch release volume of human albumin across the country was 37.6 million bottles, representing a decrease of approximately 6.7% as compared to the corresponding period last year, among which the domestically produced albumin was approximately 11.9 million bottles, representing a decrease of approximately 7.8%; the imported albumin was approximately 25.7 million bottles, representing a decrease of approximately 6.2%. Despite a slight decline in the overall batch release volume, the market supply remained ample as the base number was relatively high and leading enterprises gradually expanded production capacity.

In the first half of 2025, the operating revenue of the Group was RMB1,195.8 million and the gross profit was RMB130.7 million, representing the decrease of 21.7% and 24.5% respectively compared to the corresponding period in the last year. These decrease were mainly due to the fierce market competition faced by the blood products segment against a higher base, as well as the short-term pressure brought about by the structural adjustment of sales channels.

In particular, as the batch release volume of blood products has remained at a high level and the inventory turnover cycle has become longer since 2025, together with lower application in the clinical end, industry competition has become increasingly fierce, adding pressure to the product prices. In this context, the Group will continue to focus on strategies that feature high-quality product portfolios and channel penetration, and strive to improve regional coverage and terminal penetration efficiency. However, the overall gross profit margin of the industry tends to narrow, which poses certain challenges to the profitability of the Group.

In the field of medical beauty, during the Reporting Period, the clinical trial of Girl Needle Type S, the polycaprolactone fillers for injection, has reached the final stage of the follow-up, with a cumulative completion rate of 41%. In addition, the Group continued to expand the Girl Needle project by conducting exploratory trials for new application of Girl Needle, and the trials are progressing smooth in an orderly manner. Furthermore, the Secret Needle and the Class III medical devices for wrinkle removal have entered the in vitro safety evaluation stage. The methoxy polyethylene glycol-polycaprolactone, the material used in the Class III medical devices for wrinkle removal, has completed relevant verification and the master file registration in May 2025. The Group believes that its continuous efforts in the field of medical beauty will inject new vitality into the Company's further development.

FUTURE AND OUTLOOK

Looking ahead to the second half of 2025, although macroeconomic pressures persist, the long-term development logic of the pharmaceutical industry remains unchanged under the impetus of policy guidance, the continuous expansion of medical insurance and the aging trend. As an essential clinical pharmaceutical product, the market demand for blood products remains rigid. However, the market disequilibrium will persist in the short term, and the price competition is expected to further evolve into a contest of channel and terminal coverage capabilities.

The Group will continuously optimise the layout of its supply chain, strengthen its market-response mechanism, progressively promote the clinical-oriented product structure upgrades, and enhance refined operational capabilities. On the sales side, it will accelerate the expansion of coverage in third-tier and fourth-tier cities and primary medical markets, reinforce the management of direct control terminals and hospital customers, consolidate channel barriers and enhance brand stickiness and customer loyalty.

In the field of medical beauty products, the Girl Needle project developed by the Group will continue to advance on schedule. Clinical trials are expected to be completed in the fourth quarter of 2025, after which an application for launch will be submitted to the National Medical Products Administration. Products are anticipated to be launched in the third quarter of 2026. Meanwhile, the Group will concurrently evaluate the development pathways for more differentiated indications with a view to achieving commercialisation in the future. Building on its existing project pipeline, the Group will also increase R&D investment in new medical materials and medical beauty consumables to advance product diversification. The Group will closely monitor the market demand and remain committed to innovation in medical beauty, providing consumers with compliant and safe yet effective new options.

In addition, the Group will further improve its capability in compliance operations and risk control and refine its internal control system to raise its risk management level. The Group will also promote digital transformation and IT infrastructure development to enhance the efficiency and transparency of its management. We will adhere to our operational principle of “seeking progress while maintaining stability”, and promote the healthy development of our business in order to create long-term value and continue to empower shareholders, customers and society.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of RMB1,195.8 million for the Reporting Period, representing a decrease of RMB331.1 million or 21.7% as compared to RMB1,526.9 million in the corresponding period of 2024, which could be further analysed as follows:

	<i>Notes</i>	For the six months ended 30 June			
		2025		2024	
		<i>RMB million</i>	<i>% of revenue</i>	<i>RMB million</i>	<i>% of revenue</i>
Sales of pharmaceutical products	1)	1,186.3	99.2	1,515.8	99.3
Medical beauty services	2)	9.5	0.8	11.1	0.7
Total		<u>1,195.8</u>	<u>100.0</u>	<u>1,526.9</u>	<u>100.0</u>

Notes:

- 1) During the Reporting Period, revenue from the sales of pharmaceutical products was RMB1,186.3 million, representing a decrease of approximately 21.7% or RMB329.5 million as compared to the first half of 2024. Such decrease in revenue was mainly caused by the decline in the selling price and sales volume due to the intensified market competition and the softening demand.
- 2) During the Reporting Period, revenue from medical beauty services amounted to RMB9.5 million, representing a decrease of approximately 14.4% or RMB1.6 million as compared to the first half of 2024. The economic slowdown coupled with an overall consumption downgrade has triggered a decline in medical aesthetics revenue.

Cost of sales

The Group recorded cost of sales of RMB1,065.1 million for the Reporting Period, representing a decrease of RMB288.5 million, or 21.3% as compared with RMB1,353.6 million in the corresponding period of 2024, which was in line with the decrease in sales revenue.

Gross profit and gross profit margin

During the Reporting Period, the Group recorded gross profit of RMB130.7 million, representing a decrease of RMB42.5 million as compared with RMB173.2 million in the corresponding period of 2024, in which the gross profit of the sales of pharmaceutical products decreased by RMB41.1 million and the gross profit of medical beauty services decreased by RMB1.4 million during the Reporting Period.

As compared with the corresponding period of 2024, the gross profit margin declined from 11.3% to 10.9% for the Reporting Period. The decrease in gross profit margin was mainly due to the decrease of the selling price of the human albumin products.

Other income and gains

During the Reporting Period, other income and gains of the Group amounted to RMB9.9 million, representing a decrease of RMB4.5 million as compared with the corresponding period of 2024. The decrease was mainly due to the decrease in the logistics service income of RMB1.6 million and the decrease in the bank interest income of RMB3.1 million.

Selling and distribution expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to approximately RMB28.4 million, representing a decrease of RMB8.1 million as compared with the corresponding period of 2024. The decrease was mainly due to the decrease in market promotion expenses.

Administrative expenses

During the Reporting Period, the Group recorded administrative expenses of RMB39.5 million, representing a decrease of RMB21.7 million as compared with the corresponding period of 2024. The decrease was mainly due to the decrease of the research and development expenses of RMB12.7 million on the medical beauty products, the decrease of the staff cost of RMB6.9 million and the decrease of the tax expenses and intermediary service fee of RMB3.4 million together.

Other expenses and losses

During the Reporting Period, the Group recorded other expenses and losses of RMB6.7 million, representing a decrease of RMB1.9 million as compared with the corresponding period of 2024. Other expenses and losses mainly represented (i) foreign exchange loss of RMB6.2 million and (ii) bank charges of RMB0.5 million.

Finance costs

During the Reporting Period, the Group recorded finance costs of RMB18.5 million, representing an increase of RMB11.2 million compared with the corresponding period of 2024. The increase was mainly due to the increase of the interest on bank borrowings of RMB3.5 million and the increase of the guarantee fee of RMB7.5 million.

Income tax expense

During the Reporting Period, the Group recorded income tax expense of RMB12.2 million, representing a decrease of RMB31.9 million as compared with the corresponding period of 2024, which was mainly due to the decrease of the profit before tax and the effects of the tax adjustments for prior year.

Profit for the Reporting Period

As a result of the foregoing, the Group recorded a net profit of RMB24.4 million, representing a slight increase of RMB0.5 million as compared with the corresponding period of 2024.

Inventories

The inventory balance amounted to RMB274.0 million as at 30 June 2025 (31 December 2024: RMB352.3 million), representing a decrease of RMB78.3 million as compared with the year-end balance of 2024. Such decrease was due to the decrease in the inventory balance of human albumin.

The Group's average inventory turnover days increased by 43 days from 10 days for the corresponding period of 2024 to 53 days for the Reporting Period, which was mainly due to the decreased sales in the Reporting Period.

Trade and bills receivables

The balance of trade receivables amounted to RMB618.7 million as at 30 June 2025 (31 December 2024: RMB509.7 million), representing an increase of RMB109.0 million as compared with the year-end balance of 2024, which was mainly because during the Reporting Period, in response to intensifying market competition, the Group has granted higher credit lines to distributors to stabilize sales.

The balance of bills receivables as at 30 June 2025 was RMB108.4 million (31 December 2024: RMB98.6 million).

Prepayments, other receivables and other assets

As at 30 June 2025, the prepayments, other receivables and other assets amounted to RMB132.4 million (31 December 2024: RMB140.2 million), representing a decrease of RMB7.8 million as compared with the year-end balance of 2024, mainly due to the decrease of RMB13.1 million of the value-added tax recoverable which was partially offset by the increase of RMB2.1 million on the deposit in respect of the issuance of letters of credit and the increase of prepayment of RMB2.9 million.

Trade and bills payables

As at 30 June 2025, trade and bills payables amounted to RMB919.6 million (31 December 2024: RMB888.0 million), representing an increase of RMB31.6 million as compared with the year-end balance of 2024. The increase of trade payables was mainly due to the increase in the payables for the purchase of human albumin solution.

Other payables and accruals

As at 30 June 2025, other payables and accruals amounted to RMB22.7 million (31 December 2024: RMB49.4 million), representing a decrease of RMB26.7 million as compared with the year-end balance of 2024. The decrease was mainly due to the decrease of RMB27.0 million on the payable related to the contingent consideration.

Borrowings

As at 30 June 2025, the Group has borrowings of RMB221.6 million in total, with details set out below:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Current:		
Interest-bearing bank borrowings	<u>221,621</u>	<u>340,857</u>
Non-current:		
Interest-bearing bank borrowings	<u>–</u>	<u>50</u>
	<u>221,621</u>	<u>340,907</u>

Gearing ratio

At the end of the Reporting Period, the Group's gearing ratio was calculated as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Interest-bearing bank borrowings	221,621	340,907
Trade and bills payables	919,557	887,968
Other payables and accruals	22,658	49,368
Lease liabilities	6,278	9,630
Tax payables	15,149	20,589
Less: Bank balances and cash	(232,625)	(308,320)
Less: Pledged deposits	<u>(22,105)</u>	<u>(103,057)</u>
Net debt^(a)	<u>930,533</u>	<u>897,085</u>
Equity	<u>683,598</u>	<u>662,879</u>
Equity and net debt^(b)	<u>1,614,131</u>	<u>1,559,964</u>
Gearing ratio^(a/b)	<u>57.6%</u>	<u>57.5%</u>

Liquidity and capital resources

The following table sets out a condensed summary of the Group's condensed consolidated statement of cash flows during the Reporting Period:

		For the six months ended 30 June	
		2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
	Notes		
Net cash used in operating activities	1)	(13,262)	(268,000)
Net cash used in investing activities	2)	(13,089)	(21,477)
Net cash from/(used in) financing activities	3)	(58,016)	115,625
Net decrease in cash and cash equivalents		(84,367)	(173,582)
Effect of foreign exchange rate changes, net		8,672	17,939
Cash and cash equivalents at beginning of the period	4)	308,320	437,922
Cash and cash equivalents at end of the period	4)	232,625	282,009

Notes:

1) Net cash used in operating activities

During the Reporting Period, the Group's net cash used in operating activities amounted to approximately RMB13,262 million (six months ended 30 June 2024: net cash used in operating activities of RMB268,000 million), which was mainly due to the increase in trade and bills receivables amounted to RMB132.6 million, the decrease in other payables and accruals amounted to RMB26.7 million and the decrease in contract liabilities amounted to RMB 17.9 million, which was partially offset by the operation profit of RMB76.2 million and the decrease in inventories amounted to RMB78.3 million.

2) Net cash used in investing activities

During the Reporting Period, the Group's net cash outflow in investing activities amounted to approximately RMB13.1 million, which was decreased by RMB8.4 million as compared with the corresponding period of 2024 (six months ended 30 June 2024: net cash outflow of RMB21.5 million). The decrease was mainly due to the decrease in payments for purchase of items of property, plant and equipment of RMB8.9 million.

3) Net cash from/(used in) financing activities

During the Reporting Period, the Group's net cash used in financing activities amounted to approximately RMB58.0 million (six months ended 30 June 2024: net cash from financing activities of RMB115.6 million), mainly due to the net repayment of bank borrowings amounted to RMB119.3 million and the payment of interest and dividend amounted to RMB14.5 million, which was partially offset by the net withdraw of pledged deposits amounted to RMB81.0 million.

4) The following table sets out the Group's bank balances and cash at the end of the Reporting Period:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Denominated in RMB	191,527	250,611
Denominated in US\$*	39,054	54,609
Denominated in HK\$*	899	897
Denominated in AED\$*	351	–
Denominated in S\$*	794	2,203
	<u>232,625</u>	<u>308,320</u>

* US\$ stands for the United States dollar. HK\$ stands for the Hong Kong dollar. AED\$ stands for Arab Emirates Dirham dollar. S\$ stands for the Singapore dollar.

Treasury policies

The Group has adopted a prudent financial management approach towards its treasury policies. Substantial amounts of the Group's cash and cash equivalents are held in major financial institutions located in Mainland China. The Group seeks to maintain strict control over its outstanding receivables and the senior management of the Company reviews and assesses the creditworthiness of the Group's existing customers on an ongoing basis. To manage liquidity risk, the Group monitors its exposure to a shortage of funds by considering the maturity of both its financial liabilities and financial assets and projected cash flows from operations. Cash and cash equivalents of the Group are mainly denominated in RMB.

Foreign currency risk

Most of the Group's assets and liabilities are denominated in RMB, except for certain items below:

- Certain bank balances are denominated in US\$, HK\$, AED\$ and S\$; and
- Purchase of products from overseas suppliers and relevant trade payables are denominated in US\$.

The Group does not manage the potential fluctuation in foreign currencies by foreign currency forward and option contracts, and does not enter into any hedging transactions.

Capital expenditure

The following table sets out the Group's capital expenditure for the periods indicated:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Purchase of items of property, plant and equipment	<u>6,749</u>	<u>15,586</u>
	<u>6,749</u>	<u>15,586</u>

Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2025.

Pledge of assets

As at 30 June 2025, the carrying amounts of the Group's pledged assets were set out as follows:

	30 June 2025	31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
For obtaining bank borrowings		
– Buildings	61,988	72,852
For issuance of letters of credit and bills payable		
– Bank balances	<u>22,105</u>	<u>103,057</u>

Save as disclosed in this interim announcement, there were no other charges or pledges on the Group's assets as at 30 June 2025.

Dividend

The Directors resolved not to declare any interim dividend for the Reporting Period (six months ended 30 June 2024: Nil).

SIGNIFICANT FINANCING EVENT AND USE OF PROCEEDS

2022 Placing of new Shares under general mandate

In order to capture the market opportunities of medical aesthetic products and to develop its own center to develop, produce and sell medical aesthetic products gradually, the Company entered into a placing agreement with Silverbricks Securities Company Limited (the “**Placing Agent**”) on 7 December 2021, pursuant to which the Company has conditionally agreed to issue an aggregate of 160,000,000 Shares (the “**Placing Shares**”), and the Placing Agent agreed to procure not less than six independent individuals, institutional or other professional investors (the “**Placees**”) to subscribe for, on a best effort basis, an aggregate of 160,000,000 Placing Shares at the placing price of HK\$1.29 per Placing Share, with an aggregate nominal value of HK\$16,000. The Placing Price of HK\$1.29 per Placing Share represented a discount of approximately 19.38% to the closing price of HK\$1.60 per Share as quoted on the HKSE on 7 December 2021, being the date of the Placing Agreement.

The net proceeds from the Placing, after deduction of the commission for the placing and other related expenses, amounted to approximately HK\$194.9 million, at a net price (which is calculated by dividing the net proceeds by the number of Placing Shares) of HK\$1.22. The Company intends that as to:

- (a) approximately 40% of the net proceeds of the Placing (approximately HK\$78.0 million) will be used for the development of polycaprolactone microsphere facial filler and its materials for injection; and
- (b) approximately 60% of the net proceeds of the Placing (approximately HK\$116.9 million) will be used for the strategic acquisition/development of new projects/products in the field of medical aesthetic including but not limited to acquisition of medical aesthetic organisations or investing in medical aesthetic projects and development of new medical aesthetic products.

All the conditions precedent set out in the Placing Agreement (together with its supplemental agreement entered into between the Company and the Placing Agent on 30 December 2021) have been fulfilled and the completion under the Placing Agreement took place on 3 January 2022. For details, please refer to the announcements of the Company dated 7 December 2021, 30 December 2021 and 3 January 2022.

During the Reporting Period, approximately HK\$20.8 million of the net proceeds had been used in accordance with the intended use and the details are as follows:

	Approximate % of total net proceeds (%)	Net proceeds from the 2022 Placing HK\$'(million)	Unutilised net proceeds as at 31 December 2024 HK\$'(million)	Net proceeds utilised during the Reporting Period HK\$'(million)	Unutilised net proceeds as at 30 June 2025 HK\$'(million)
Development of polycaprolactone microsphere facial filler and its materials for injection, including but not limited to development of experimental workshop, research and development equipments and factories construction investment	40	78.0	–	–	–
Strategic acquisition/development of new projects/ products in the field of medical aesthetic, including but not limited to acquisition of medical aesthetic organisations or investing in medical aesthetic projects and development of new medical aesthetic products	60	116.9	20.8	20.8	–
Total	100	194.9	20.8	20.8	–

EMPLOYEE AND REMUNERATION POLICY

As at 30 June 2025, the Group had a total of 268 employees. For the Reporting Period, the total staff cost of the Group was RMB27.6 million (six months ended 30 June 2024: RMB24.2 million).

The Group's employee remuneration policy is determined by factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, the inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisals once every year for its employees, the results of which are applied in annual salary reviews and promotional assessments. The Group considers the employee's annual bonuses according to certain performance criteria and appraisals results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service quality. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or suffer from any material labor dispute during the Reporting Period.

In addition, the Company adopted a share option scheme to recognise the contribution by certain employees of the Group, and to provide them with incentives in order to retain them for their continuing support in the operation and development of the Group.

RISK MANAGEMENT

The principal risks and uncertainties identified by the Company which may have material and adverse impact on the Group's performance or operation are summarized below. There may be other principal risks and uncertainties in addition to those set out below which are not known to the Company or which may not be material now but could turn out to be material in the future.

- Failure to maintain relationships with existing suppliers – The Group currently sources its entire product portfolio from a limited number of limited suppliers, either directly or indirectly through their sales agents.
- Exchange rate fluctuation – The Group's purchase of products from overseas suppliers is denominated in US\$, and certain items of bank balances, other receivables, bank borrowings and bonds are denominated in US\$ and HK\$.
- Decrease in gross profits due to increase in cost and intensified competition.
- Prolonged delays or significant disruptions to the supply of the products.

The Company believes that risk management is essential to the Group's efficient and effective operation. The Company's management assists the Board in evaluating material risk exposure of the Group's business and participates in formulating appropriate risk management and internal control measures to ensure such measures are properly implemented in daily operational management.

RELATIONSHIP WITH KEY STAKEHOLDERS

Human resource is one of the most important assets of the Group. The Group strives to motivate its employees by providing them with a clear career path as well as comprehensive and professional training courses. In addition, the Group also offers competitive remuneration packages to its employees, including basic salary, certain benefits and other performance based incentives.

The Group purchases imported pharmaceutical products from overseas suppliers, either directly or indirectly through their sales agents, and generates revenue by reselling products to hospitals and pharmacies through distributors and deliverers. On one hand, the Group provides guidance, training and support to distributors and deliverers to help them carry out more marketing and promotional activities in target fields, thereby maintaining long-term and stable relationships with them. Suppliers or their sales agents have granted the Group the rights to market, promote and manage sales channels for their products in China. On the other hand, the Group assists suppliers in entering the growing Chinese market to achieve steady sales growth, thereby maintaining long-term and stable relationships with them.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is primarily engaged in MPCM for imported pharmaceutical products, a line of business that does not have material impact on the environment. The key environment impact from the Group's operation is related to electricity, water and paper consumption. The Group is fully aware of the importance of sustainable environmental development, and has implemented the following measures to encourage environmental protection and energy conservation:

- Promoting paperless office
- Encouraging low-carbon commuting
- Ensuring reasonable energy consumption

During the Reporting Period, the Group did not incur any material cost on compliance with applicable environmental laws and regulations.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's business and operations are subject to relevant laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong Special Administrative Region ("**Hong Kong**") and the PRC. During the Reporting Period, the Group complied with all applicable laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which would have significant impact on the Group.

CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as its own code of corporate governance.

During the Reporting Period, the Company had complied with all applicable code provisions under the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUER ("**MODEL CODE**")

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Having made specific enquiry with all Directors, all Directors confirmed that they complied with the required standard as set out in the Model Code throughout the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period. As of 30 June 2025, the Company did not hold any of treasury shares.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Reporting Period (for the six months ended 30 June 2024: Nil).

EVENTS AFTER THE END OF THE REPORTING PERIOD

Connected transaction in relation to the provision of financial assistance to the connected person

On 1 March 2021, Hong Kong Prosperous Group Holding Limited ("**Hong Kong Prosperous**"), a wholly-owned subsidiary of the Company, entered into a loan agreement with Mr. Huang (the "**Loan Agreement**"), pursuant to which Hong Kong Prosperous agreed to provide an interest-free loan in the principal amount of HK\$5,000,000 (the "**Loan**"). The Loan was fully repaid on 25 June 2021.

As of the date of the Loan Agreement, Mr. Huang has been serving as the executive Director and a substantial shareholder of the Company (as defined under the Listing Rules). Therefore, Mr. Huang was considered a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Loan Agreement constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the provision of the Loan are above 0.1% but less than 5%, and since the total value of the financial assistance provided to Mr. Huang exceeds HK\$3 million, the transaction contemplated under the Loan Agreement was therefore subject to the reporting, announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules at the material time.

Apart from the above, in accordance with the Company's memorandum and articles of association (the "**Articles**"), except as would be permitted by the Companies Ordinance, and except as permitted under the Companies Act, the Company shall not directly or indirectly make a loan to a Director or his close associates or a director of any holding company of the Company or a body corporate controlled by such a Director. As a result, the Directors acknowledged that providing the Loan breached the Articles (together with the breach of the applicable Listing Rules, collectively the "**Breaches**"), which required seeking shareholder approval for the resolutions at an extraordinary general meeting.

For detailed information about the Loan and the Breaches, including the approval process for the Loan, the Board's identification of the Loan, the reasons behind the Breaches, and the remedial actions taken by the Board to address them, please refer to the Company's announcements dated 30 May 2025 and 15 August 2025.

Apart from those disclosed in this announcement, the Board is not aware of any material event requiring disclosure, that has taken place subsequent to 30 June 2025 and up to the date of this announcement.

AUDIT COMMITTEE

The principal duties of the audit committee of the Company (“**Audit Committee**”) include the review and supervision of the Group’s financial reporting system, the preparation of financial statements and internal control procedures. It also acts as an important link between the Board and the external auditor for determining the scope of the Group audit.

The Audit Committee, together with the management of the Company, have reviewed the unaudited condensed interim results of the Group and this announcement.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND 2025 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”) AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinco-pharm.com), and the 2025 interim report will be published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Sinco Pharmaceuticals Holdings Limited
Huang Xiangbin
Chairman and Executive Director

Sichuan, the PRC, 27 August 2025

As at the date of this announcement, the executive Directors are Mr. Huang Xiangbin, Mr. Lei Shifeng and Mr. Huang Zhijian; the non-executive Director is Ms. Jing Huan; and the independent non-executive Directors are Mr. Lau Ying Kit, Mr. Wang Qing, Mr. Liu Wenfang and Mr. Bai Zhizhong.