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Sinco Pharmaceuticals 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)

RESULTS OF THE INTERNAL CONTROL REMEDIATION

References are made to (i) the announcements issued by Sinco Pharmaceuticals Holdings Limited (the “**Company**”) dated 30 May 2025 and 15 August 2025 in relation to, among other things, an interest-free loan of HK\$5 million granted to Mr. Huang Xiangbin on 1 March 2021; and (ii) the announcement dated 20 October 2025 in relation to the key findings from an internal control review conducted by the internal control consultants (collectively, the “**Announcements**”). Unless otherwise defined herein, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

KEY FINDINGS OF THE IC REVIEW

On 20 October 2025, the Consultants submitted the IC Report to the Board and the Committee. This IC Report includes key findings from the IC Review and the Consultants’ recommendations to address the deficiencies identified during the IC Review. For further details, please refer to the Company’s announcement dated 20 October 2025.

Following the key findings from the IC Review, the Company took the necessary remedial actions as recommended by the Consultants. Furthermore, the Company engaged the Consultants to conduct a follow-up review on the implementation status of the rectification results. On 5 December 2025, the Consultants submitted a follow-up review report on internal control that outlines the status of the remediation efforts (the “**IC Follow Up Review Report**”).

The key findings and remediation status of the IC report as outlined in the IC Follow Up Review Report are summarized as follows:

1. Corporate governance

Deficiencies	Findings	Remediation status
1.1 Provision of the Loan to connected persons in breach of the Listing Rules	The Group has not complied with the reporting and announcement requirements under Chapter 14A of the Listing Rules regarding the provision of the Loan to Mr. Huang Xiangbin. Furthermore, the Group has not maintained written records for the calculation of the size test in relation to the Loan.	The Company has revised the Connected Transaction Management Measures (“Measures”). The Measures clearly outline the requirements for ratio tests, disclosure obligations, approval procedures related to connected transactions, and the monitoring and management of connected transactions. The Measures were approved by an executive Director and have been in effect since 10 November 2025. In addition, on 8 July 2025, the Company’s legal advisor in Hong Kong conducted training on connected transactions. This training was attended by the Directors and senior management, including the chief executive officer, chief financial officer, company secretary, and other relevant personnel of the Company.

Deficiencies	Findings	Remediation status
1.2 Provision of the Loan to connected persons in breach of the Articles	The Loan contravened Article 18.3 of the Company’s Articles, which prohibits the Company from directly or indirectly providing loans or guarantees to Directors, their close associates, or entities controlled by them, unless such arrangements are permitted under the Companies Ordinance and the Companies Law. Accordingly, the Loans constitute a breach of the Company’s Articles.	The head of the Company’s internal audit department has prepared a summary in accordance with the key provisions of the Company’s Articles and the articles of association of each subsidiary of the Company, including but not limited to, the key provisions regarding seal adoption and financial matters. The summary was emailed to the relevant personnel in the Company’s subsidiaries on 20 October 2025.
1.3 Failure to maintain the written records of the regular review and circulation of the list of connected persons (the “Connected Persons List”)	Monthly meetings are held by the management of the Company and the responsible staff of the finance department of each subsidiary of the Group to discuss and review the Connected Persons List. However, the Group failed to maintain records of these reviews or ensure the regular circulation of this list.	The individual Connected Persons List has been prepared by designated personnel from each subsidiary of the Company. These individuals conducted process to identify and confirm the relevant parties. After this verification, the individual Connected Persons List was submitted to the Group’s finance department. The finance manager then reviewed and consolidated into a comprehensive summary of the Connected Persons List. The consolidated Connected Persons List has been reviewed by the Company’s financial controller and chief financial officer. Following this review, the consolidated Connected Persons List was circulated via email to the relevant department staff and subsequently submitted to the Board for their record.

Deficiencies	Findings	Remediation status
1.4 The policies and procedures document for notifiable transaction information to be enhanced	The Group is obligated to comply with the disclosure requirements for notifiable transactions as specified in Chapter 14 of the Listing Rules.	The Company has revised the Measures and the Information Disclosure Management Policies (“Policies”).
	However, the relevant policies and procedures document of the Group do not provide clear guidance governing the disclosure of information related to notifiable transactions.	The Measures establish clear requirements for ratio tests, disclosure obligations, and related matters. Additionally, the Policies outline general disclosure responsibilities, the categories of information that must be disclosed, and detail the document review procedures for notifiable transactions.
		The Measures and the Policies were approved by an executive Director and has been in effect since 10 November 2025.

2. Treasury (including cash) management cycle

Deficiencies	Findings	Remedial measures implemented by the management of the Company
2.1 The record of the approval of the Loan Agreement remains incomplete	Contracts must follow a formal approval process with clear documentation before signing with the counterparties. It was found that the Loan’s approval record does not include an approval date.	The Company has revised the Measures to clarify the procedures and approval requirements for transactions with connected persons, including loans.

Remedial measures implemented by the management of the Company

Deficiencies

2.2 Deficiencies in the policies and procedures governing the financial management cycle, including cash management

Findings

The Group has established and implemented guidance for the “Fund Management System” and the “Approval Authority Criteria”. These initiatives aim to standardize financial management processes. However, the Consultants have identified that the above-mentioned policies and procedures documents lack several essential administrative processes on the basis of business development for individuals, which are as follows:

- Bank loan and repayment monitoring management process
- Borrowing policy, account management, and special approval requirements and management process for directors, employees, shareholders, and related parties (if applicable)
- Interest rate risk hedging management process
- Third-parties collection and payment process
- Cash advance policy for employees, directors, and senior executives
- Acceptance bill management process

The Company has revised the “Fund Management Policies”, which outline the procedures for bill management, financing management, and handling cash receipt and payment processes, and interest rate management. The revised Fund Management Policies were approved by an executive Director and has been in effect since 10 November 2025.

In addition, the Company has established the “Petty Cash Management Policies”, which specify the procedures for application, usage, and reimbursement of petty cash. The Petty Cash Management Policies were approved by an executive Director and has been in effect since 17 October 2025.

Furthermore, the Company has updated the Measures to clarify the procedures and approval requirements for transactions with connected persons, including loans.

Remedial measures implemented by the management of the Company

Deficiencies

2.3 The payment application form does not include information regarding the application date or the approval date

Findings

The Consultants identified that 32 sample payment application forms were missing the application date or the approval date.

When preparing payment application forms, applicants are required to accurately record the application date and submit the completed forms along with the necessary supporting documents to the appropriate personnel, in accordance with the Company's approval authority guidelines (the **"Guidelines"**).

The designated personnel will then sign and document the approval date, ensuring a comprehensive written approval record. The Group's finance department will retain the approved payment application forms for future reference.

2.4 Deficiencies in the process of approving payments

According to the established approval authority for cash payments within the Group, any payments to related parties exceeding RMB 100,000,000 require approval from the chairman of the Company (the **"Chairman"**). Likewise, payments to non-related parties exceeding RMB 50,000,000 also necessitate the Chairman's endorsement.

The Company has updated the Guidelines. The revised Guidelines provide clearer, more detailed information on the approval procedures for various categories, including capital projects, fixed asset procurement, service-related expenses, business entertainment expenses, and travel expenses. The updated Guidelines were approved by an executive Director and have been in effect since 20 January 2025.

Remedial measures implemented by the management of the Company

In addition, the Company has revised the Measures to clarify the procedures and approval requirements for transactions with connected persons, including loans.

Findings

The Consultants observed that the highest authority for approving cash payments within the Group currently rests with the Chairman. However, there is no established maximum limit on the amount that a single approver can authorize for fund payments. Furthermore, it was noted that the Group has not set up a formal payment approval authority for connected transactions.

2.5 Deficiencies in the contract management process

Personnel responsible for managing contracts must sign and stamp the contract with counterparties only after all necessary approvals have been obtained. Additionally, they should include the date of signing to confirm that the contract has been approved before it is signed.

Additionally, it is crucial to include the date of signing to confirm that the contract has received the necessary authorisation before execution.

The Company's management has confirmed that no new contracts have been signed to date. However, the Company requires that all contracts be executed strictly in accordance with the Guidelines.

Deficiencies

Remedial measures implemented by the management of the Company

Deficiencies

Findings

2.6 Deficiencies in the cash advance management process

Cash advance is based on business nature and projected expenses. Applicants must submit a cash advance application form stating the reason and amount, which is reviewed and approved by relevant personnel. The Consultants found that the Group has not set a cap on employee cash advance, lacks a regular repayment schedule, and does not require clear written justification for requested amounts.

The Company has implemented the ‘Petty Cash Management Policies’ that outline the procedures for applying, using, reimbursing, and approving petty cash transactions. The Petty Cash Management Policies establish a tiered approval process based on the amount borrowed: larger sums require approval at the subsidiary level, and for even larger amounts, additional authorization from the Company’s management is required.

2.7 Deficiencies in the bank account opening and closing management process

The treasury department of the Group is responsible for managing and the daily monitoring the corporate bank accounts. Opening a bank account requires completing a bank account opening application form, followed by approvals from designated treasury staff, finance and department heads, the head of funds, and the chief finance officer of the Company. Bank account closing follows a similar process using a bank account closure application form. The Consultants noted that the bank account opening application form and the bank account closure application form were missing the application date and approval date.

The Company has updated the Fund Management Policies, which set out the requirements for bank account management. In addition, the Company has updated the Guidelines, which provide detailed approval procedures for various matters, including the opening and closing of bank accounts.

The Company’s management confirmed that no bank accounts have been opened or closed, but the Company has updated the relevant policies to reflect the operational requirements based on the remedial recommendations.

Remedial measures implemented by the management of the Company

Deficiencies

2.8 Some cash payments without a payee signature record

Findings

According to the Group's Fund Management Policy, cash payments must be processed based on verified and approved vouchers, with signatures from authorized personnel. The cashier must stamp and seal the vouchers and complete accounting procedures. The Consultants found that 5 cash payments samples lacked the payee's signature record.

The Group will obtain a signed receipt from the payee for all cash transactions. Furthermore, the Group will maintain accurate payment records for future reference.

As confirmed by the Company's management, although no cash payments have been made, the Company's finance department has established and strictly enforced signing requirements for the cash payment process.

VIEWS OF THE AUDIT COMMITTEE AND THE BOARD

As of the date of this announcement, the Group has adopted and implemented the relevant remediation work in accordance with the recommendations provided by the Consultants as detailed above. The Company believes that adequate internal controls and procedures have been in place.

Having considered the IC Follow Up Review Report and the remedial measures taken by the Group, the Committee and the Board are of the view that the enhanced internal control measures implemented by the Group based on the recommendations provided by the Consultants are adequate and sufficient to address the key findings of the IC Report to prevent, monitor and detect occurrence of similar incidents as those relating to the Breaches and to meet the Company's obligations under the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Sichuan, the PRC, 5 December 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.