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富景農業

Fujing Holdings Co., Limited

富景中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2497)

**KEY FINDINGS OF
THE INDEPENDENT INTERNAL CONTROL REVIEW
IN RELATION TO
DISCLOSEABLE AND CONNECTED TRANSACTIONS
PROVISION OF FINANCIAL ASSISTANCE**

Reference is made to the announcement of Fujing Holdings Co., Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 28 April 2025 (the “**Announcement**”) in relation to the discloseable and connected transactions regarding provision of financial assistance. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

BACKGROUND

On 24 July 2024, Fujing Agriculture, an indirect wholly-owned subsidiary of the Company, as the pledgor, and the Bank, as the pledgee, entered into the Oriental Pearl Asset Pledge Agreement pursuant to which Fujing Agriculture agreed to provide the Pledged Assets to the Bank as security to secure certain repayment obligations of Oriental Pearl during the period from 19 July 2024 to 19 January 2027 with the maximum amount of RMB28 million.

On the same date, Fijing Agriculture, as the pledgor, and the Bank, as the pledgee, also entered into the Litai Asset Pledge Agreement pursuant to which Fijing Agriculture agreed to provide the Pledged Assets to the Bank as security to secure certain repayment obligations of Litai Building Materials during the period from 19 July 2024 to 19 January 2027 with the maximum amount of RMB28 million.

As the Oriental Pearl Asset Pledge Agreement and the Litai Asset Pledge Agreement (collectively, the “**Pledge Agreements**”) were entered into by Fijing Agriculture to guarantee loans granted by the Bank to Oriental Pearl and Litai Building Materials respectively, the Pledge Agreements constitute advances to an entity and the provision of financial assistance by the Group to Oriental Pearl and Litai Building Materials, respectively. The transactions contemplated under the Pledge Agreements also constitute connected transactions for the Company. The transactions are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, and the announcement, circular and shareholders’ approval requirements under Chapter 14A of the Listing Rules. Due to an inadvertent oversight, the Company failed to timely comply with these requirements. Further details of the transactions are set out in the Announcement.

Both Oriental Pearl and Litai Building Materials have confirmed to the Company that the principal amount and all interest owed under the respective Oriental Pearl Loan Agreement and Litai Loan Agreement have been repaid in full to the Bank. The Pledge Agreements had also been terminated without incurring any financial loss. Thus, the Company considers unnecessary to seek ratification by independent shareholders. The Company has no intention whatsoever of not complying with the requirements of the Listing Rules, and, with a view to enhancing its internal control, this announcement is issued to address the deficiencies identified and the remedial measures implemented by the Company.

INTERNAL CONTROL REVIEW

The Company has engaged Cheng & Cheng Risk Advisory Services Limited as the independent internal control consultant (the “**IC Consultant**”) to review the internal control procedures (the “**Review**”) to identify the deficiency of internal control policies and seek recommendations on how to enhance the monitoring and effectiveness of the implementation of the internal control policies on disclosable and connected transactions monitoring and reporting with an aim to enhance its internal controls and procedures and ensure that current and future transactions will be conducted in compliance with the applicable requirements under the Listing Rules and relevant rules and regulations. The following is a summary of the key findings, and recommendations made by the IC Consultant, and the remedial actions taken by the Company based on the report issued by the IC Consultant.

SCOPE OF THE REVIEW

The scope of the Review covers the Company and its subsidiaries, including the following internal control procedures:

- (a) financial reporting and disclosure procedures;
- (b) Listing Rules compliance evaluation as to provision of financial assistance to connected persons; and
- (c) usage of corporate seal.

With reference to the findings of the Review, the Company has implemented the recommendations from the IC Consultant.

KEY FINDINGS AND REMEDIATION STATUS

The key findings identified by the IC Consultant in the Review, the corresponding remediation actions and the recommendations are summarised as follows:

Financial reporting and disclosure procedures

Findings

It was found that information related to asset pledges was not included in the monthly financial statements in 2024 for the Board's review. This resulted in the Board's failure to promptly understand and monitor the Group's asset conditions and their pledge status.

Remedial actions taken by the Company and IC Consultant's recommendations

The Group has updated its financial reporting and disclosure systems and procedures, requiring that asset pledge information be included in both monthly financial statements and management reports for the Board's review.

Results

The IC Consultant is of the view that asset pledge transactions have been incorporated into the monthly financial statements and management reports in accordance with the updated financial reporting and disclosure systems and procedures. Furthermore, the monthly financial reports containing asset pledge information have been submitted to the Board. The IC Consultant considers that the abovementioned measures have addressed the relevant internal control deficiencies and have been effectively implemented.

Listing Rules compliance evaluation as to provision of financial assistance to connected persons

1. The Directors failed to fully understand the requirements of Chapters 14 and 14A of the Listing Rules

Findings

It was found that all approvals and transactions during the execution of the Pledge Agreements were handled by Mr. Zhang (who serves as the Chairman, an executive Director, the Chief Executive Officer, and one of the controlling shareholders of the Company). As Mr. Zhang mistakenly believed that decisions regarding the provision of asset pledges for connected persons did not require disclosure, the Group failed to comply with the requirements under Chapters 14 and 14A of the Listing Rules concerning discloseable transactions and connected transactions.

Remedial actions taken by the Company and IC Consultant's recommendations

The Group has enhanced its internal training for the Directors and senior management of the Company regarding the compliance requirements for discloseable and connected transactions.

Results

The IC Consultant has obtained a confirmation letter that the Directors and senior management of the Company completed an internal training on 1 August 2025 on discloseable and connected transactions.

As of the date of this announcement, the Group has not entered into any new asset pledge or financial assistance arrangement for the purpose of securing the obligations of any third party. The IC Consultant considers that the abovementioned measures have addressed the relevant internal control deficiencies and have been effectively implemented.

2. The Approval Authority Matrix did not include approval guidelines for asset pledges

Findings

It was found that Mr. Zhang, who approved and handled the Pledge Agreements and serves as the Company's Chairman, an executive Director, the Chief Executive Officer, and one of the Company's controlling shareholders, did not promptly notify other Directors and management members such as the financial controller of the Group ("FC") and the company secretary during the execution of the Pledge Agreements. As a result, the Group failed to effectively identify connected transactions and carry out the relevant disclosure procedures.

Remedial actions taken by the Company and IC Consultant's recommendations

The Group has updated its approval authority matrix (the "**Approval Authority Matrix**"), requiring approval from the FC, the company secretary and the Board for all asset pledges and external financial assistance, including any further extensions, renewals, and amendments of existing agreements. These transactions now require consultation with external experts (such as lawyers, compliance advisers, or financial advisers) to ensure compliance with the disclosure requirements under Chapters 14 and 14A of the Listing Rules.

The revised corporate management systems and procedures require all external asset pledges and financial assistance, regardless of the amount (including extensions, renewals and amendments of terms), to obtain prior Board approval and be documented in signed minutes. The execution of such documents requires dual approval from the FC and the Chairman, Mr. Zhang. If Mr. Zhang has a conflict of interest in the transaction, another executive Director who has no conflict of interest should assume the approval role, and Mr. Zhang should abstain from approving any transaction in which he has an interest.

Results

The IC Consultant reviewed the Approval Authority Matrix and the revised corporate management systems and procedures and confirmed that the Group has established supervisory measures for its external asset pledge and financial assistance activities. As of the date of this announcement, the Group has not entered into any transactions of providing external asset pledges or financial assistance. The IC Consultant is of the view that the above measures have addressed the relevant internal control deficiencies and have been effectively implemented.

3. Failure to comply with the approval process for conflicts of interest

Findings

It was found that the Group has established an approval process for conflicts of interest. According to the internal control manual – independence and conflict of interest management system and procedures (the “**Manual**”), employees should avoid establishing any direct or indirect business relationships with customers, suppliers, or competitors, unless it is in the interest of the Company and specifically assigned by the Company.

However, the Pledge Agreements were reviewed, approved, and handled by Mr. Zhang who failed to report the potential conflict of interest to the Audit Committee of the Company (the “**AC**”) and the Board as required by the Manual.

Remedial actions taken by the Company and IC Consultant’s recommendations

The Company provided internal training on the Manual to Mr. Zhang and the members of the Board in February 2026.

Results

The IC Consultant obtained the training attendance and sign-off records of Mr. Zhang and the members of the Board for the Manual, and confirmed that the Group has not identified or approved any transactions involving conflicts of interest. The IC Consultant also obtained the latest list of connected persons (the “**Connected Persons List**”) and confirmed that the Group updates this list annually to help identify and monitor transactions with potential conflicts of interest. As of the date of this announcement, the IC Consultant found no instances where the Group deviated from the Manual. The IC Consultant is of the view that the above measures have addressed the relevant internal control deficiencies and have been effectively implemented.

4. Failure to establish an asset pledge register

Findings

It was found that the Group failed to establish an asset pledge register during the year 2024. This affected the Group's ability to track and monitor the status of its assets and their respective pledge conditions.

Remedial actions taken by the Company and IC Consultant's recommendations

The Group established an asset pledge register in 2025 to record all relevant information regarding asset pledges across the Group. This register will be updated to record details of any increases, decreases, or modifications in asset pledges. A strict approval process has been established, and a designated personnel has been assigned to handle its centralised management and maintenance.

The Group has incorporated the abovementioned measures into the revised corporate management systems and procedures.

Results

The IC Consultant reviewed the updated asset pledge register and confirmed that it records all relevant information relating to asset pledges across the Group. Pursuant to the periodically updated asset pledge register, the Board maintains full visibility of all matters and particulars pertaining to the Group's asset pledges, and confirms that there is no omission, nor any compliance risk arising from disclosure failures. The IC Consultant believes that the above measures have addressed the relevant internal control deficiencies and have been effectively implemented.

Usage of corporate seal

Findings

The Group's internal control policy ("**CS IC Policy**") regarding usage of corporate seal at the material time only required staff to obtain approval from the Chairman and the corporate seal manager prior to his/her usage of the corporate seal. The CS IC Policy did not specify any approval requirements for any Director's usage of the corporate seal. Therefore, the Board was not aware of Mr. Zhang's usage of the corporate seal when entering into the Pledge Agreements.

Remedial actions taken by the Company and IC Consultant's recommendations

The Group was recommended to enhance the CS IC Policy, whereby:

- (i) all corporate seals of the Group should be kept with the administrative department of the Group;
- (ii) usage of the corporate seal by staff would require prior approval from (a) head of the relevant department of the Group; and (b) head of administrative department;
- (iii) usage of the corporate seal by any senior management member, including the Director who is applying for usage of the corporate seal, would require prior approval from a Director (other than himself or herself) and the corporate seal manager; and
- (iv) the written record of the usage of corporate seal maintained by the Group should be updated each time when the corporate seal being used by either staff or senior management member of the Group.

Results

The IC Consultant is of the view that the Group has implemented the above recommended enhanced CS IC Policy as at the date hereof. The enhanced policy, which governs centralised storage locations, designated custodians and prohibition against members of the Board holding custody of corporate seals, has addressed the relevant internal control deficiencies and has been effectively implemented.

CONCLUSION

The Board has reviewed the content and the findings and results of the Review. The Company has been advised that the management has acknowledged and agreed with the findings and results by the IC Consultant.

As at the date of this announcement, the Group has adopted and implemented the relevant remediation work in accordance with the recommendations from the IC Consultant as detailed above. The Company believes that adequate internal controls and procedures have been in place. Having considered the report of the Review and the remediated actions taken by the Group, the Board (including the independent non-executive Directors) is of the view that (a) the enhanced internal control measures implemented by the Group based on the recommendations are adequate and sufficient to address the key findings of the report of the Review; (b) the remedial measures taken and updated internal control procedures implemented by the Group are effective to prevent, monitor and detect occurrence of similar incidents; and (c) the Group has established sufficient and reliable governance and internal control systems to perform its obligations under the Listing Rules.

The Board will continue to monitor the effectiveness of the Group's internal control system and procedures to perform its obligations under the Listing Rules, and ensure our internal control policies and procedures are reasonable and adequate, and integrate them into its operations.

By order of the Board
Fujing Holdings Co., Limited
Zhang Yonggang
*Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 13 August 2026

As at the date of this announcement, the Board comprises Mr. Zhang Yonggang (Chairman and Chief Executive Officer), Mr. Lyu Zhonghua, Mr. Cui Wei, Mr. Pang Jinhong and Ms. Geng Juan as executive Directors; and Mr. Lam Chik Tong, Dr. Li Junliang and Dr. Wang Wenyuan as independent non-executive Directors.