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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Financial adviser to the Company**



**Euto Capital Partners Limited**



**Placing Agent**

#### **THE PLACING**

On 7 December 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to issue the Placing Shares, and the Placing Agent agreed to procure not less than six Placées 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.

The Placing Shares represent (i) approximately 8.60% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.92% of the issued share capital of the Company as enlarged by the issue and allotment of the Placing Shares immediately after the Completion, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Placing Shares) between the date of this announcement and the Completion Date.

Assuming all 160,000,000 Placing Shares were allotted and issued, upon the Completion, the aggregate gross proceeds from the Placing will be approximately HK\$206.4 million and the aggregate net proceeds from the Placing will be approximately HK\$194.9 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.22 per Placing Share.

The Placing Shares will be issued and allotted pursuant to the General Mandate and is not subject to further Shareholders' approval.

The Company intends to use the entire net proceeds arising from the Placing of approximately HK\$194.9 million for the development of polycaprolactone microsphere facial filler and its materials for injection and 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.

#### **WARNINGS**

**The Completion is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

On 7 December 2021, the Company entered into the Placing Agreement with the Placing agent, pursuant to which the Company has conditionally agreed to issue the Placing Shares, and the Placing Agent agreed to procure not less than six Placées to subscribe for, on a best effort basis, an aggregate of 160,000,000 Placing Shares at the Placing Price. The principal terms of the Placing Agreement are set out below.

#### **THE PLACING AGREEMENT**

**Date** : 7 December 2021 (after trading hours)

**Parties** : the Company; and  
the Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent from the Company and not connected with or acting in concert with, the Company, its connected persons and their respective associates (as defined under the Listing Rules).

## **Subject matter**

Subject to fulfilment of the conditions precedent of the Placing as set out in the Placing Agreement, the Company shall allot and issue to the Placees, the Placing Shares.

## **Placing Shares**

The Placing Agent has conditionally agreed with the Company to procure, on a best effort basis, not less than six Placees to subscribe for an aggregate of 160,000,000 new Shares.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date. The maximum number of 160,000,000 Placing Shares under Placing Agreement represents

- (i) approximately 8.60% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 7.92% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares immediately after the Completion, assuming there is no change in the total number of Shares in issue (other than the issue of the Placing Shares) between the date of this announcement and the Completion Date).

The aggregate nominal value of the Placing Shares will be HK\$16,000.

## **Placees**

The Placing Agent will, on a best effort basis, place the Placing Shares to not less than six Placees who and whose ultimate beneficial owners are not connected persons of the Company and are third parties independent of, and not connected with, the Company, any Director(s), chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or their respective associates. It is not expected that the Placing Agent or any Placees will become a substantial shareholder of the Company as a result of the Placing.

## **Placing Price and Commission Payable to the Placing Agent**

The Placing Price of HK\$1.29 per Placing Share represents:

- (i) a discount of approximately 19.38% to the closing price of HK\$1.60 per Share as quoted on the Stock Exchange on 7 December 2021, being the date of the Placing Agreement; and
- (ii) a discount of approximately 15.02% to the average closing price of HK\$1.518 per Share as quoted on the Stock Exchange for the last five consecutive Trading days immediately preceding the date of the Placing Agreement.

The Placing Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the recent market prices of the Shares and current market conditions. The Directors consider that the terms and conditions of the Placing Agreement were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Placing Agent will receive a placing commission of 2% of the sum equivalent to the Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent in the Placing. The Directors are of the view that the placing commission accords with the market rate and is fair and reasonable.

## **Ranking of the Placing Shares**

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

## **Conditions of the Placing**

The Completion shall be conditional upon satisfaction of the following conditions:

- (a) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Placing Shares (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent); and
- (b) no representation, warranty or undertaking under the Placing Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date.

In the event of the conditions above not having been fulfilled by the Long Stop Date, all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing, save for any antecedent breaches of the Placing Agreement.

## **Termination of the Placing Agreement**

Notwithstanding anything contained in the Placing Agreement, if at any time on or prior to 12:00 noon on the Completion Date:

- (i) there shall have been, since the date of the Placing Agreement, such a change in national or national financial, political or economic conditions or taxation or exchange controls as world, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or
- (ii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the Placing Agreement; or
- (iii) any moratorium, suspension or material restriction on trading in the Shares or securities of the Company on the Stock Exchange due to exceptional financial circumstances or otherwise;

then and in any such case, the Placing Agent may after consultation with the Company terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the Completion Date.

## **Completion**

Completion of the placing is expected to take place on the Completion Date.

## **APPLICATION FOR LISTING OF THE PLACING SHARES**

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

## **GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES**

The Placing Shares will be allotted and issued under the General Mandate. The General Mandate was granted to the Directors at the AGM whereby the Directors were authorised to allot, issue and deal with up to 338,378,117 Shares, representing 20% of the number of Shares in issue of the Company as at the date of the AGM.

Up to the date of this announcement, only 169,000,000 Shares have been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Placing Shares and the issue of the Placing Shares is not subject to the approval of the Shareholders.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,860,890,585 Shares in issue. Set out below is the table illustrating the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the Completion, assuming there will be no change in the total number of Shares in issue (other than the issue of the Placing Shares) between the date of this announcement up to the Completion Date.

Substantial Shareholders	As at the date of this announcement		Immediately after the Completion	
	<i>Number of Shares</i>	<i>Approximate (%)</i>	<i>Number of Shares</i>	<i>Approximate (%)</i>
Risun Investments Limited <sup>(Note 1)</sup>	1,050,000,000	56.42	1,050,000,000	51.96
Placees	–	–	160,000,000	7.92
Other public Shareholders	810,890,585	43.58	810,890,585	40.12
Total	<u>1,860,890,585</u>	<u>100.00</u>	<u>2,020,890,585</u>	<u>100.00</u>

*Note:*

1. Mr. Huang Xiangbin is the settlor of a trust in which Wickham Cay Trust Company Limited is the trustee and holds the entire interest in Fullwealth Holdings Limited, which in turn holds the entire beneficial interest in Risun Investments Limited. Fullwealth Holdings Limited, Wickhams Cay Trust Company Limited and Mr. Huang Xiangbin are deemed to be interested in the 1,050,000,000 Shares beneficially held by Risun Investments Limited.

## REASONS AND BENEFITS OF THE PLACING

The Group is principally engaged in the provision of comprehensive marketing, promotion and channel management service for imported pharmaceutical products and medical devices in China.

As disclosed in the announcement of the Company dated 9 September 2021, in order to enable the Group to achieve revenue growth in the long run, the Group intends to develop its medical aesthetic industry chain and gradually establish the dual business segments of pharmaceutical products and medical aesthetic products as its business development direction. As such, the Directors are of the view that the proceeds from the Placing can enable the Group to capture the market opportunities of medical aesthetic products and to develop its own center to develop, produce and sell medical aesthetic products gradually.

Assuming all 160,000,000 Placing Shares are placed for in full, upon the completion of the Placing, the aggregate gross proceeds from the Placing will be approximately HK\$206.4 million and the aggregate net proceeds from the Placing will be approximately HK\$194.9 million (after deduction of commission and other expenses of the Placing), representing a net issue price of approximately HK\$1.22 per Placing Share.

## USE OF PROCEEDS

The Company intends to use the entire net proceeds arising from the Placing of approximately HK\$194.9 million for the purposes and in the amounts set out below:

- i) approximately 40% of the net proceeds, or approximately HK\$78.0 million, to be used for relevant costs and expenses incurred for the 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; and
- ii) approximately 60% of the net proceeds, or approximately HK\$116.9 million, to be used for strategic acquisition/development of new projects/products in the field of medical aesthetic including but not limited to development of new medical aesthetic products, acquisition of medical aesthetic organisations and investing in medical aesthetic projects. In order to formulate and implement its business development plan, the Group has been actively looking for investment/business development opportunities. As at the date of this announcement, the Group is considering a potential acquisition of a medical aesthetic organisation, the Company is in negotiation with the potential seller about the terms and conditions of the acquisition and in the process of conducting preliminary due diligence of the potential target, however, no formal agreement has yet to be entered into. The Group will publish announcement(s) and disclose relevant content as and when appropriate.

The Board is of the view that the Placing will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Placing will strengthen the Group's financial position for its future development. Accordingly, the Board considers that the Placing is in the interests of the Company and the Shareholders as a whole.

## FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company has not conducted any equity fund raising activities in the past twelve months immediately before the date of this announcement.

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
23 July 2021	Subscription of new shares under general mandate	HK\$84.06 million	(i) as to approximately HK\$58.84 million to be used for settlement of cost arising from procurement of pharmaceutical products and (ii) as to approximately HK\$25.22 million to be used for the deposit of issuance of the letter of credit for purchasing pharmaceutical products from the overseas suppliers by the Group	Approximately HK\$66.37 million was used, of which (i) approximately HK\$58.84 million was used for settlement of cost arising from procurement of pharmaceutical products and (ii) approximately HK\$7.53 million was used for the deposit of issuance of the letter of credit for purchasing pharmaceutical products from the overseas suppliers by the Group

## WARNINGS

**The Completion is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning as ascribed to it in the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong
“AGM”	the annual general meeting of the Company held on 1 June 2021
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Sinco Pharmaceuticals Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6833)
“Completion”	completion of the Placing pursuant to the terms and conditions of the Placing Agreement
“Completion Date”	on the third Business Day upon the fulfillment of the conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing); in any event, the date of Completion shall be no later than 30 December 2021 (or such later date as may be agreed by the parties hereto in writing)
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company

“Equity Security(ies)”	Shares, any securities which by their terms are convertible into or exchangeable for Shares, or any option or securities which confer on the holder the right to call for an issue of, or to receive, Shares or securities which are by their terms convertible into or exchangeable or exercisable for Shares, or any other type of equity or ownership interest in the Company.
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to issue, allot and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	23 December 2021 (or such other date as may be agreed between the Company and the Placing Agent in writing)
“Placees”	any independent individual, institutional or other professional investor procured by the Placing Agent to purchase any Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placees pursuant to the Placing Agreement
“Placing Agent”	Silverbricks Securities Company Limited, a corporation licensed to carry on business in type 1 (dealing in securities), 2 (dealing in future contracts) and 6 (advising on corporate finance) regulated activities under the SFO
“Placing Agreement”	a conditional placing agreement entered into between the Company and the Placing Agent dated 7 December 2021 in relation to the Placing
“Placing Price”	HK\$1.29 per Placing Share
“Placing Shares”	an aggregate of 160,000,000 Shares to be placed pursuant to the Placing Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share Option Scheme”	the share option scheme adopted by the Company on 1 February 2016
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.0001 each in the share capital of the Company
“Shareholders”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trading Days”	a day on which the Stock Exchange is open for business
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 7 December 2021

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