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## **Sinco Pharmaceuticals Holdings Limited**

**兴科蓉医药控股有限公司**

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

**(Stock Code: 6833)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE NEW VIE CONTRACTUAL ARRANGEMENTS**

**Independent Financial Adviser to the Company**

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
流博資本有限公司

References are made to the Company's announcements dated 22 March 2022 and 10 May 2022 in relation to, among other things, the entering into of the VIE Contractual Arrangements and the waiver application in respect of the VIE Contractual Arrangements.

The Board wishes to inform the Shareholders and potential investors of the Company in relation to the (i) change in the registered holder of the entire equity interest in Renshangren from Mr. Huang (a connected person of the Company) to Ms. Liu, (ii) entering into of the New VIE Contractual Arrangements and (iii) withdrawal of the waiver application in respect of the VIE Contractual Arrangements as disclosed in the May Announcement.

#### **Listing Rules Implications**

As the relevant percentage ratios (as defined under Rule 14A.09(1) of the Listing Rules) in respect of the OPCO are less than 5% for the year ended 31 December 2021, the OPCO is an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules and therefore Renshangren is not a connected person of the Company under the Listing Rules. Accordingly, transaction(s) contemplated under the New VIE Contractual Arrangements do not constitute connected transaction(s) of the Company under Chapter 14A of the Listing Rules and the Company withdrew its waiver application in respect of the VIE Contractual Arrangements.

References are made to the Company’s announcements dated 22 March 2022 (the “**March Announcement**”) and 10 May 2022 (the “**May Announcement**”, together with the March Announcement, the “**Announcements**”) in relation to, among other things, the entering into of the VIE Contractual Arrangements and the waiver application in respect of the VIE Contractual Arrangements. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as defined in the Announcements.

The Board wishes to inform the Shareholders and potential investors of the Company in relation to the (i) change in the registered holder of the entire equity interest in Renshangren from Mr. Huang (a connected person of the Company) to Ms. Liu, (ii) entering into of the New VIE Contractual Arrangements and (iii) withdrawal of the waiver application in respect of the VIE Contractual Arrangements as disclosed in the May Announcement.

## **THE FRAMEWORK AGREEMENT**

The Board announced that Sichuan Sinco Biotech (being a wholly-owned subsidiary of the Company) entered into the Framework Agreement on 19 August 2022 (after trading hours), pursuant to which, the following transaction documents were entered into for purpose of changing the registered shareholder of Renshangren (which holds 30% equity interest in the OPCO) from Mr. Huang to Ms. Liu: (i) Renshangren Equity Transfer Agreement; (ii) Supplemental Equity Transfer Agreement B; (iii) Supplemental Loan Agreement; (iv) Termination Agreements; and (v) New VIE Contractual Arrangements in respect of Renshangren.

### **The Renshangren Equity Transfer Agreement and Supplemental Equity Transfer Agreement B**

On 19 August 2022 (after trading hours), Mr. Huang and Ms. Liu entered into the Renshangren Equity Transfer Agreement, pursuant to which Mr. Huang agreed to sell and Ms. Liu agreed to acquire the entire equity interest in Renshangren. Following the completion of the aforementioned equity transfer, Renshangren (which holds 30% equity interest in the OPCO) will be wholly-owned by Ms. Liu. On 19 August 2022 (after trading hours), Renshangren, the OPCO, Mr. Huang, Ms. Liu and relevant parties entered into the Supplemental Equity Transfer Agreement B, pursuant to which it is agreed among the parties that Mr. Huang shall novate to Ms. Liu all his outstanding rights and obligations under the Equity Transfer Agreement B.

## **The Supplemental Loan Agreement**

As disclosed in the March Announcement, Sichuan Sinco Biotech (as the lender) and Mr. Huang (as the borrower) entered into the Loan Agreement, pursuant to which Sichuan Sinco Biotech agreed to provide Mr. Huang a loan at an aggregate amount of RMB28.5 million and Mr. Huang shall apply such sum for the acquisition of the entire equity interest in Renshangren.

The Company announces that, in light of the aforementioned change in the registered share holder of the entire equity interest in Renshangren from Mr. Huang to Ms. Liu, on 19 August 2022 (after trading hours), Sichuan Sinco Biotech entered into the Supplemental Loan Agreement with Mr. Huang and Ms. Liu, pursuant to which it is agreed that all of Mr. Huang's rights and obligations under the Loan Agreement shall be novated to Ms. Liu.

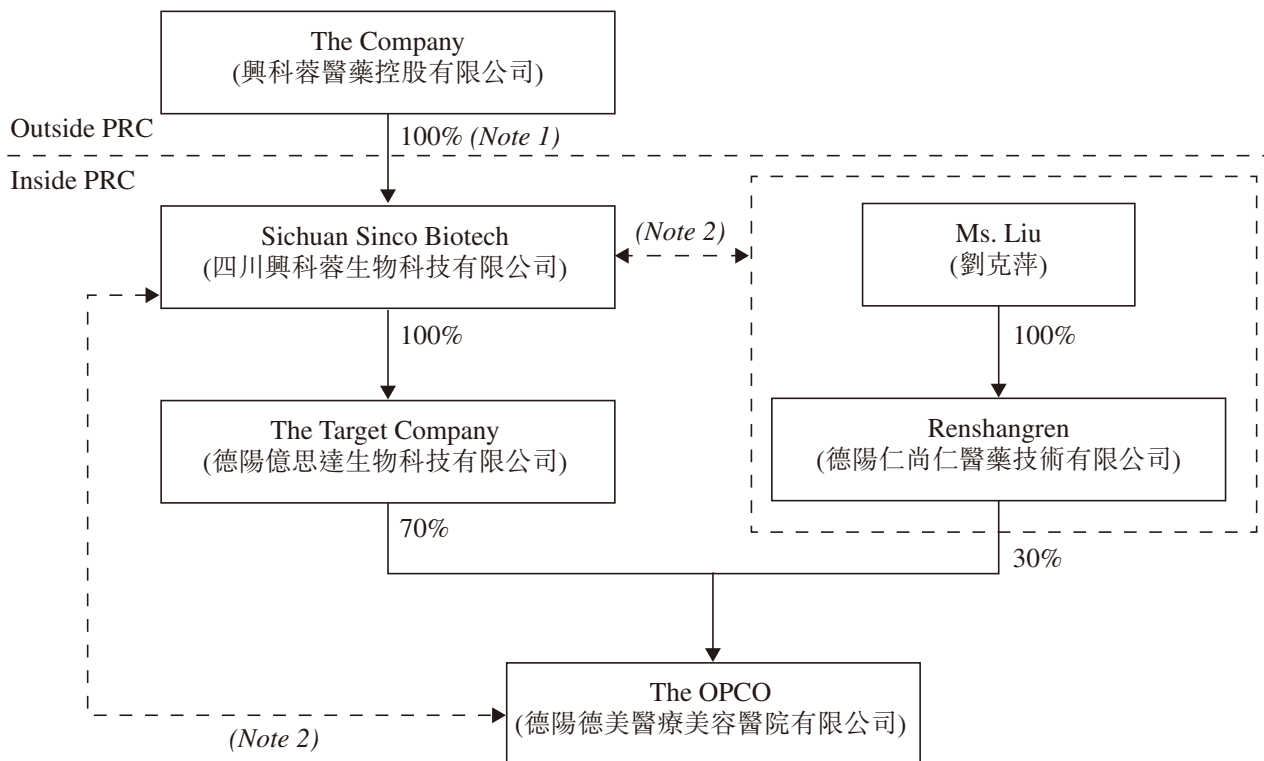
## **The Termination Agreements and New VIE Contractual Arrangements in respect of Renshangren**

As disclosed in the May Announcement, Sichuan Sinco Biotech entered into a series of agreements under the VIE Contractual Arrangements. In light of the aforementioned change in the registered shareholder of the entire equity interest in Renshangren from Mr. Huang to Ms. Liu, on 19 August 2022 (after trading hours), (i) the Termination Agreements were entered into to terminate the Equity Pledge Agreement A with effect upon the date of signing and to terminate the remaining Terminated Structured Contracts with effect upon the date on which the registration with relevant administration authority for market regulation in relation to the aforesaid equity transfer under the Renshangren Equity Transfer Agreement completes; and (ii) the New VIE Contractual Arrangements in respect of Renshangren were entered into and shall take effect upon the date on which the registration with relevant administration authority for market regulation in relation to the aforesaid equity transfer of Renshangren completes, through which Sichuan Sinco Biotech will have effective control over the entire equity interest in Renshangren (which holds the 30% equity interest in the OPCO).

## **The New VIE Contractual Arrangements**

The Board confirms that, save as (i) the corresponding amendments following the abovementioned change in the registered shareholder of the entire equity interest in Renshangren from Mr. Huang to Ms. Liu, and (ii) the New VIE Contractual Arrangements in respect of Renshangren shall be effective upon the date on which the registration with relevant administration authority for market regulation in relation to the aforesaid equity transfer of Renshangren completes, the terms and conditions of the New VIE Contractual Arrangements remain the same as disclosed in the May Announcement.

The Board is of the view that, through the 70% equity interest directly held by the Target Company and the New VIE Contractual Arrangements, the Company is able to exercise effective control over both operational and financial matters of Renshangren and the OPCO and enjoy the economic benefits generated by Renshangren and the OPCO. Illustrative diagram demonstrating the corporate structure table of the New VIE Contractual Arrangements following the completion of registration with relevant administration authority for market regulation in relation to the equity transfer of Renshangren is as follows:



“ — ” denotes shareholding/equity holding relationship

“ ---- ” denotes contractual relationship

Note 1: The Company indirectly owns the entire equity interest of Sichuan Sinco Biotech.

Note 2: Sichuan Sinco Biotech entered into the New VIE Contractual Arrangements with Ms. Liu (and her spouse), Renshangren, the OPCO and the Target Company.

### **Information on the New PRC Equity Owner**

Ms. Liu is a PRC national and has been working in Sichuan Sinco Pharmaceuticals Co., Ltd\* (四川興科蓉藥業有限責任公司) (a wholly-owned subsidiary of the Company) since November 2013 with her current position as the manager of human resources department. Ms. Liu does not have any relationship with any Director, chief executive or substantial shareholder of the Company, nor has any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## **Listing Rules Implications**

As the relevant percentage ratios (as defined under Rule 14A.09(1) of the Listing Rules) in respect of the OPCO are less than 5% for the year ended 31 December 2021, the OPCO is an insignificant subsidiary of the Company under Rule 14A.09(1) of the Listing Rules and therefore Renshangren is not a connected person of the Company under the Listing Rules. Accordingly, transaction(s) contemplated under the New VIE Contractual Arrangements do not constitute connected transaction(s) of the Company under Chapter 14A of the Listing Rules and the Company withdrew its waiver application in respect of the VIE Contractual Arrangements.

## **WITHDRAWAL OF THE WAIVER APPLICATION IN RESPECT OF THE VIE CONTRACTUAL ARRANGEMENTS**

In view of the change in the registered shareholder of Renshangren and the relevant implications under the Listing Rules as abovementioned, the Company's waiver application in respect of the VIE Contractual Arrangements as disclosed in the May Announcement is no longer applicable and was withdrawn.

## **Further Information in Relation to the Protection of the Company's Interests in the Event of Death, Bankruptcy or Divorce of the New PRC Equity Owner**

Pursuant to the Renshangren POA, the New PRC Equity Owner irrevocably and unconditionally authorise Sichuan Sinco Biotech (or its designated person) to act on her behalf to exercise all her rights as the registered holder of the entire equity interest of Renshangren (including the 30% equity interest in the OPCO). Pursuant to Mr. Liu's Undertaking, Mr. Liu (being husband of the New PRC Equity Owner) irrevocably and unconditionally undertakes that, in any events (including without limitation to a divorce between the New PRC Equity Owner and him), the New PRC Equity Owner shall be entitled to in her absolute discretion deal with her entire equity interest in Renshangren (covering the 30% equity interest in the OPCO) and that Mr. Liu shall not take any actions which may affect or interfere with obligations of the New PRC Equity Owner under the New VIE Contractual Arrangements in respect of Renshangren.

In light of the above, the Board confirms that appropriate arrangements have been made to protect the Company's interests in the event of death, bankruptcy or divorce of the New PRC Equity Owner to avoid any practical difficulties in enforcing the New VIE Contractual Arrangements.

## DEFINITIONS

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

- “Framework Agreement” the framework agreement entered into between Sichuan Sinco Biotech, Mr. Huang, Ms. Liu and Renshangren dated 19 August 2022 for the transactions contemplated under the (i) Renshangren Equity Transfer Agreement; (ii) Supplemental Equity Transfer Agreement B; (iii) Supplemental Loan Agreement; (iv) Termination Agreements; and (v) New VIE Contractual Arrangements in respect of Renshangren, all dated 19 August 2022, detailed in this announcement;
- “Independent Financial Adviser” Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
- “Mr. Liu’s Undertaking” the spousal undertaking dated 19 August 2022 executed by Mr. Liu (being husband of the New PRC Equity Owner) in favour of the New PRC Equity Owner, Sichuan Sinco Biotech and Renshangren;
- “Ms. Liu” or “New PRC Equity Owner” Ms. Liu Keping\* (劉克萍), a PRC national and an employee of Sichuan Sinco Pharmaceuticals Co., Ltd\* (四川興科蓉藥業有限公司);
- “New VIE Contractual Arrangements” the New VIE Contractual Arrangements, as updated and supplemented from time to time, consisting of the (i) New VIE Contractual Arrangements in respect of Renshangren dated 19 August 2022, (ii) Exclusive Business Cooperation Agreement B (獨家業務合作協議), Equity Pledge Agreement B (股權質押協議) and exclusive purchase right agreement\* (獨家購買權協議) dated 10 May 2022 entered into between Sichuan Sinco Biotech, Renshangren and the OPCO;
- “New VIE Contractual Arrangements in respect of Renshangren” a set of structured contracts, all dated 19 August 2022, in a form, save as disclosed in this announcement, substantially same to the Terminated Structured Contracts, executed by Ms. Liu (and her spouse) in lieu of Mr. Huang (and his spouse), consisting of the (i) Exclusive Business Cooperation Agreement A (獨家業務合作協議), (ii) Equity Pledge Agreement A (股權質押協議), (iii) Exclusive Purchase Right Agreement A (獨家購買權協議); (iv) Power of Attorney (授權委託書) and (v) Spousal Undertaking (配偶同意函);

“Renshangren Equity Transfer Agreement”	the equity transfer agreement dated 19 August 2022 entered into between Mr. Huang and Ms. Liu in relation to the entire equity interest in Renshangren;
“Renshangren POA”	the power of attorney dated 19 August 2022 executed by Ms. Liu, accepted by Renshangren and in favour of Sichuan Sinco Biotech;
“Supplemental Equity Transfer Agreement B”	the supplemental agreement to the Equity Transfer Agreement B dated 19 August 2022 entered into between Renshangren, the OPCO, Mr. Huang, Ms. Liu and relevant parties;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supplemental Loan Agreement”	the supplemental agreement to the Loan Agreement dated 19 August 2022 entered into between Sichuan Sinco Biotech, Mr. Huang and Ms. Liu;
“Terminated Structured Contracts”	consisting of (i) Equity Pledge agreement A (股權質押協議); (ii) exclusive business cooperation agreement (獨家業務合作協議) entered into between Mr. Huang, Renshangren and Sichuan Sinco Biotech (“ <b>Exclusive Business Cooperation Agreement A</b> ”); (iii) exclusive purchase right agreement* (獨家購買權協議) entered into between Sichuan Sinco Biotech, Renshangren and Mr. Huang (“ <b>Exclusive Purchase Right Agreement A</b> ”); (iv) Power of Attorney (授權委託書) and (v) Spousal Undertaking (配偶同意函), all dated 10 May 2022; and
“Termination Agreements”	the termination agreements to terminate each of the Terminated Structured Contracts, all dated 19 August 2022.

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

Sichuan, the PRC, 22 August 2022

*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.*

\* *For identification purpose only*