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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)

CONTINUING CONNECTED TRANSACTION RELATING TO THE GUARANTEE AGREEMENT

Financial adviser to the Company



Diligent Capital Limited

THE GUARANTEE AGREEMENT

On 30 September 2024, the Company entered into the Guarantee Agreement with Mr. Huang, 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.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Huang is an executive Director and the chairman of the Company. Mr. Huang is also a substantial shareholder of the Company, beneficially holding approximately 51.65% of the total issued share capital of the Company. Therefore, Mr. Huang is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the provision of guarantee services provided by Mr. Huang to the Group pursuant to the Guarantee Agreement constitutes financial assistance received by the Group from a connected person.

As (i) the provision of guarantee services under the Guarantee Agreement is to be provided to the Group on normal commercial terms that are comparable to or more favourable than those offered by Independent Third Parties for similar services; and (ii) no security over the assets of the Group is granted in respect of such guarantee services, according to Rule 14A.90 of the Listing Rules, the provision of the guarantee services by Mr. Huang to the Group under the Guarantee Agreement are exempt from reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable ratios calculated pursuant to Rule 14.07 of the Listing Rules for the Annual Caps under the Guarantee Agreement is less than 5%, the continuing connected transactions contemplated under the Guarantee Agreement are subject to the annual review, reporting and announcement requirements but exempt from the independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BACKGROUND

On 30 September 2024, the Company entered into the Guarantee Agreement with Mr. Huang. The principal terms of the Guarantee Agreement are summarized below:

THE GUARANTEE AGREEMENT

Date:	30 September 2024
Parties:	(a) Mr. Huang; and (b) the Company.
Subject:	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 during the term of the Guarantee Agreement.
Term:	From the date of the Guarantee Agreement to 30 September 2027, subject to compliance with the relevant requirements of the Listing Rules, the Guarantee Agreement may be renewed with the mutual consent of both parties.
Guarantee fee:	In consideration of the guarantees provided by Mr. Huang under the Guarantee Agreement, the Group shall pay, and Mr. Huang shall receive the guarantee fees in relation to the provision of guarantee liabilities. The guarantee fee will be determined at a rate of 1.3% per annum, calculated based on the total maximum principal amount of the guarantee liability confirmed under the maximum guarantee contracts signed between Mr. Huang and the respective financial institutions for the loan extended to the Group. The annual guarantee fee will be capped at RMB15,000,000.
Payment method:	The guarantee fee will be charged on an annual basis. The initial guarantee fee is due one year after the effective date of the Guarantee Agreement and thereafter on each anniversary of the effective date.

ANNUAL CAPS UNDER THE GUARANTEE AGREEMENT

As of 30 September 2024, the balance of guarantees provided by Mr. Huang to the Group was RMB1,052.2 million.

The Annual Caps, which are the maximum aggregate guarantee fees payable by the Group to Mr. Huang under the Guarantee Agreement for each of the financial years ending on 31 December 2024, 31 December 2025, 31 December 2026, and for the period from 1 January 2027 to 30 September 2027, shall be RMB3,750,000, RMB15,000,000, RMB15,000,000, and RMB11,250,000, respectively.

When determining the aforementioned Annual Caps, the Directors took into consideration the historical level of guarantees provided by Mr. Huang to the Group, and the provision of guarantee services offered by other independent institutions for similar services. After assessing that the guarantee fee charged by Mr. Huang to the Group falls within the range of market comparables selected by the Group, the Directors are of the opinion that the terms of the Guarantee Agreement are in accordance with normal commercial terms, and the determination of the Annual Caps is fair and reasonable.

REASONS FOR AND BENEFITS OF THE ENTERING INTO THE GUARANTEE AGREEMENT

As a substantial Shareholder and executive Director, Mr. Huang has consistently provided guarantees to the Group without charging any guarantee fees, thereby facilitating the Group's access to financing from financial institutions for its operations. Following the publication of the Group's interim report for the six months ended on 30 June 2024, the Board conducted a comprehensive review and discussion with Mr. Huang. During these discussions, Mr. Huang expressed the need for guarantee fees associated with his indirect financial assistance to the Group. After careful consideration and comparison with similar services offered by other companies, the Board determined that (i) Mr. Huang's longstanding support to the Group deserves recognition, and consideration will be given to an additional reward to acknowledge his past contribution; (ii) the existing loan facilities granted by financial institutions are essential to the Group to meet its developmental financial needs; and (iii) the terms under the Guarantee Agreement were determined between the parties and are considered to be normal commercial terms or better. Accordingly, the Directors (including the independent non-executive Directors) consider that the Guarantee Agreement and the transactions contemplated thereunder are on normal commercial terms or better, fair, reasonable, and in the interests of the Company and its Shareholders as a whole.

None of the Directors has any material interests in the Guarantee Agreement and is required to abstain from voting on the relevant board resolution approving the Guarantee Agreement.

INFORMATION OF THE COMPANY AND THE GROUP

The Company is an investment holding company, and the Group is principally engaged in the provision of comprehensive marketing, promotion, and channel management services for imported pharmaceutical products and medical services in the PRC.

INFORMATION OF MR. HUANG

As at the date of this announcement, Mr. Huang is an executive Director and the chairman of the Company. Mr. Huang is also a substantial shareholder of the Company, beneficially holding approximately 51.65% of the total issued share capital of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Huang is an executive Director and the chairman of the Company. Mr. Huang is also a substantial shareholder of the Company, beneficially holding approximately 51.65% of the total issued share capital of the Company. Therefore, Mr. Huang is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the provision of guarantee services by Mr. Huang to the Group pursuant to the Guarantee Agreement constitutes financial assistance received by the Group from a connected person.

As (i) the provision of guarantee services under the Guarantee Agreement is to be provided to the Group on normal commercial terms that are comparable to or more favourable than those offered by Independent Third Parties for similar services; and (ii) no security over the assets of the Group is granted in respect of such guarantee services, according to Rule 14A.90 of the Listing Rules, the provision of the guarantee services by Mr. Huang to the Group under the Guarantee Agreement are exempt from reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In addition, as one or more of the applicable ratios calculated pursuant to Rule 14.07 of the Listing Rules for the Annual Caps under the Guarantee Agreement is less than 5%, the continuing connected transactions contemplated under the Guarantee Agreement are subject to the annual review, reporting and announcement requirements but exempt from the independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“Annual Caps”	the maximum annual guarantee fees payable by the Group to Mr. Huang in respect of the guarantee services contemplated under the Guarantee Agreement
“Board”	the board of Directors
“Company”	Sinco Pharmaceuticals Holdings Limited (興科蓉醫藥控股有限公司), 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)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantee Agreement”	the guarantee agreement dated 30 September 2024 entered into between the Company and Mr. Huang for the provision of guarantees provided by Mr. Huang to the Company or any of its designated subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party who is a third party independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended and modified from time to time
“Mr. Huang”	Mr. Huang Xiangbin (黃祥彬), the chairman, executive Director and a Company’s substantial Shareholder
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Sichuan, the PRC, 30 September 2024

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