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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)

SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTION RELATING TO THE GUARANTEE AGREEMENT

Financial adviser to the Company



Reference is made to the announcement (the “**Announcement**”) of Sinco Pharmaceuticals Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 September 2024 in relation to entering into the guarantee agreement for the provision of guarantee provided by Mr. Huang Xiangbin to the Group (the “**Guarantee Agreement**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those given to them in the Announcement.

The Board wishes to provide additional information about (i) how the fee rate for the guarantee fee (the “**Fee Rate**”) under the Guarantee Agreement is determined; and (ii) the internal controls on the transactions contemplated under the Guarantee Agreement.

BASIS OF SETTING THE FEE RATE

The Board would like to supplement that prior to determining the Fee Rate, the Directors have identified an exhaustive list of 14 transactions announced by companies listed on the Stock Exchange during the twelve months prior to the date of the Guarantee Agreement (the “**Comparables**”). This identification was based on the information available from the Stock Exchange’s website and was conducted on a best-effort basis. The criteria for selecting the Comparables are as follows: (i) the selected companies are listed on the main board of the Stock Exchange; (ii) the transactions constitute connected transactions under the Listing Rules; (iii) the transactions were related to the provision of guarantee services for loan facilities obtained from financial institutions in the PRC, and (iv) the maximum guarantee amount provided by the guarantor is more than HK\$120 million. Based on the aforesaid basis of selection, the Board believes that Comparables is sufficient, comprehensive, and comparable for analysis.

Set out below are the details of the Comparables:

No.	Announcement date	Stock code	Company name	Maximum guaranteed amount	Guarantee fee rate
1.	20 October 2023	1733	E-Commodities Holdings Limited	RMB194.04 million	Nil
2.	26 October 2023	1329	Beijing Capital Grand Limited	RMB1,169.4 million	0.7% per annum
3.	28 December 2023	1733	E-Commodities Holdings Limited	RMB323.4 million	Nil
4.	22 January 2024	358	Jianxi Copper Company Limited	RMB2,550 million	Nil
5.	6 February 2024	1543	Guangdong Join-Share Financing Guarantee Investment Co, Ltd.	RMB260 million	4.8% per annum
6.	19 February 2024	1733	E-Commodities Holdings Limited	RMB269.5 million	Nil
7.	15 March 2024	3800	GCL Technology Holdings Limited	RMB846 million	1.5% per annum
8.	18 March 2024	9993	Radiance Holdings (Group) Company Limited	RMB300 million	One-off service fee of 2% of the guaranteed amount
9.	12 April 2024	1709	DL Holdings Group Limited	RMB180 million	1% of the maximum guarantee amount for the first year and 0.5% of the maximum guarantee amount for the subsequent years
10.	17 June 2024	182	Concord New Energy Group Limited	RMB540 million	1.5% per annum

No.	Announcement date	Stock code	Company name	Maximum guaranteed amount	Guarantee fee rate
11.	2 August 2024	1329	Beijing Capital Grand Limited	RMB450 million	1% per annum
12.	12 August 2024	757	Solargiga Energy Holdings Limited	RMB120 million	Nil
13.	26 August 2024	182	Concord New Energy Group Limited	RMB540 million	1.5% per annum
14.	27 September 2024	1513	Livzon Pharmaceutical Group Inc.	RMB2.1 billion	Nil
				Maximum	4.8%
				Minimum	Nil
				The Fee Rate	1.3%

Upon reviewing the aforementioned research findings, the Board has noted that the guarantee fee rates of the Comparables varied from nil to 4.8%. Consequently, the Fee Rate falls within the range of the Comparables. Additionally, the Group's management has obtained a quote for a guarantee fee rate of no less than 1.5% per annum from an independent third-party guarantee service provider under standard conditions. As a result, the Fee Rate proposed by Mr. Huang finally falls below this benchmark.

After considering the market reference and the guarantees provided by Mr. Huang to the Group, the Board believes that the Fee Rate is fair, reasonable, and on normal commercial terms.

INTERNAL CONTROLS ON THE TRANSACTIONS CONTEMPLATED UNDER THE GUARANTEE AGREEMENT

In order to ensure that the transactions contemplated under the Guarantee Agreement (including the Annual Caps) align with the connected transaction policies of the Group and the terms of the Guarantee Agreement, the Group has implemented the following internal control measures:

- (a) the financial department of the Company will (i) conduct regular checks or monitor, review the transactions contemplated under the Guarantee Agreement, and assess the risk of Annual Caps being exceeded on an annual basis and report to the Board, among other things, the outstanding indebtedness, the guarantee amount and the guarantee fee to Mr. Huang; and (ii) ensure sufficient information in relation to all such transactions is provided to the Board, the independent non-executive Directors and external auditors of the Company for review;
- (b) the Company has formulated the Measures for the Management of Connected Transactions 《關聯交易管理辦法》 which sets out the internal control framework and requirements with respect to connected transactions of the Group. The relevant departments of the Company will strictly comply with the requirements stated thereunder;

- (c) the Board, the independent non-executive Directors and external auditors may make recommendations from time to time to enhance the Group's procedures and systems and to ensure the internal control measures of the Group are complete and effective for monitoring the continuing connected transactions going forward;
- (d) the Group's management will closely review and assess the terms of the Guarantee Agreement on regular basis to ensure that the terms contained therein are no less favorable to the Group than those offered by an independent third-party guarantee service provider under standard conditions;
- (e) the audit committee of the Group will convene annual meetings to discuss and assess the implementation of the continuing connected transactions of the Group (including those transactions contemplated under the Guarantee Agreement and the Annual Caps); and
- (f) the external auditors of the Company will also conduct an interim and annual review of the continuing connected transactions of the Group (including those transactions contemplated under the Guarantee Agreement and the Annual Caps) to confirm the relevant transactions have been approved by the Board, are in accordance with the relevant agreement, and have not exceeded the relevant Annual Caps.

Save as disclosed above, the Board confirms that all information in the Announcement remains unchanged. This announcement is supplemental to and should be read in conjunction with the Announcement.

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

Sichuan, the PRC, 15 October 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.