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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)**

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

**Financial adviser to the Company**



**Euto Capital Partners Limited**

#### **THE SUBSCRIPTION**

On 23 July 2021 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 169,000,000 Subscription Shares at the Subscription Price of HK\$0.5 per Subscription Share.

The Subscription Shares represent (i) approximately 9.99% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.08% of the issued share capital of the Company as enlarged by the issue and allotment of the Subscription 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 Subscription Shares) between the date of this announcement and the Completion Date.

Assuming all 169,000,000 Subscription Shares are subscribed for in full, upon the Completion, the aggregate gross proceeds from the Subscription will be approximately HK\$84.50 million and the aggregate net proceeds from the Subscription will be approximately HK\$84.06 million (after deduction of commission and other expenses of the Subscription), representing a net issue price of approximately HK\$0.497 per Subscription Share.

The Subscription 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 Subscription of approximately HK\$84.06 million for general working capital purpose.

## **WARNINGS**

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

## **THE SUBSCRIPTION**

On 23 July 2021, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 169,000,000 Subscription Shares at the Subscription Price. The principal terms of the Subscription Agreements are set out below.

## **THE SUBSCRIPTION AGREEMENTS**

**Date:** 23 July 2021

**Parties:** the Company; and  
the Subscribers.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscribers, being individuals who 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 Subscription as set out in the Subscription Agreements, the Company shall allot and issue to the Subscribers, the Subscription Shares.

## **Subscription Shares**

The Subscription Shares represents

- (i) approximately 9.99% of the existing issued share capital of the Company as at the date of this announcement; and

- (ii) approximately 9.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion, assuming there is no change in the total number of Shares in issue (other than the issue of the Subscription Shares) from the date of this announcement up to the Completion Date).

The aggregate nominal value of the Subscription Shares will be HK\$16,900.

### **Subscription Price**

The Subscription Price of HK\$0.5 per Subscription Share represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.60 per Share as quoted on the Stock Exchange on 23 July 2021, being the date of the Subscription Agreements; and
- (ii) a discount of approximately 18.03% to the average closing price of approximately HK\$0.61 per Share as quoted on the Stock Exchange for the last five consecutive Trading days immediately preceding the date of the Subscription Agreements.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the recent market prices of the Shares and current market conditions. The Directors consider that the terms and conditions of the Subscription Agreements 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.

### **Ranking of the Subscription Shares**

The Subscription 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 Subscription Shares.

### **Conditions of the Subscription**

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

- (a) the Listing Committee of the Stock Exchange having granted listing of and permission to deal in, the Subscription Shares subject to the allotment and issue of the Subscription Shares;
- (b) the Shares remaining listed and traded on the Stock Exchange (save for any temporary suspension (as defined in the Listing Rules) of not more than ten consecutive Trading Days or any suspension pending clearance of any announcement in connection with the Transaction Documents);
- (c) there being no trading halt, suspension or limitation of trading in the Shares on the Stock Exchange on the Completion Date;

- (d) there not having occurred, at any time on and from the date of the Subscription Agreements, until or on the Completion Date:
  - (i) any creation, granting, issue or allotment of any Shares, Equity Securities or instruments convertible into or exercisable or exchangeable for, or that represent the right to receive, any Share or Equity Security, or issue of any other equity or ownership interests in the Company or any other event which would or contingently or conditionally would increase the total issued share capital in the Company, save for (i) the issue of the Subscription Shares; and (ii) the issue of Shares under the Share Option Scheme, provided that such options are not capable of being exercised prior to the Completion Date; or
  - (ii) any trading halt, suspension or limitation of trading in any of the Shares listed on the Stock Exchange which lasts more than ten consecutive Trading Days; and
- (e) there being no material breach immediately prior to the Completion of any warranty as set out in the Subscription Agreements which is given on the date of the Subscription Agreements and immediately prior to and upon the Completion.

If any of the conditions precedent above has not been satisfied or waived on or before the Long Stop Date, the parties under the Subscription Agreements shall consult each other and discuss a later date for the satisfaction of the conditions precedent above and the Completion as the parties under the Subscription Agreements may agree in writing. In the event that the parties under the Subscription Agreements cannot agree to a later date within five Business Days after the Long Stop Date, either party under the Subscription Agreements shall be entitled to terminate the Subscription Agreements by written notice to the other party and the Subscription Agreements and all rights and obligations of the parties under the Subscription Agreements thereunder shall cease and terminate saved for accrued rights and obligations of the parties under the Subscription Agreements.

## **Completion**

Subject to the conditions precedent above being satisfied or waived (as the case may be), the Completion shall take place at the Completion Date.

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

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

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

The Subscription 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, no Shares have been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issue of the Subscription Shares and the issue of the Subscription 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 1,691,890,585 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 Subscription Shares) from the date of this announcement up to the Completion Date.

Substantial Shareholders	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	Approximate (%)	Number of Shares	Approximate (%)
Risun Investments Limited <i>(Note 1)</i>	1,050,000,000	62.06	1,050,000,000	56.42
The Subscribers	–	–	169,000,000	9.08
Other public Shareholders	641,890,585	37.94	641,890,585	34.50
<b>Total</b>	<b><u>1,691,890,585</u></b>	<b><u>100.00</u></b>	<b><u>1,860,890,585</u></b>	<b><u>100.00</u></b>

*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 SUBSCRIPTION

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.

Assuming all 169,000,000 Subscription Shares are subscribed for in full, upon the completion of the Subscription, the aggregate gross proceeds from the Subscription will be approximately HK\$84.50 million and the aggregate net proceeds from the Subscription will be approximately HK\$84.06 million (after deduction of commission and other expenses of the Subscription), representing a net issue price of approximately HK\$0.497 per Subscription Share.

The Company intends to use the entire net proceeds arising from the Subscription of approximately HK\$84.06 million for general working capital purpose. The Board is of the view that the Subscription will enlarge the shareholder base and the capital base of the Company. In addition, the net proceeds of the Subscription will strengthen the Group's financial position for its future development. Accordingly, the Board considers that the Subscription is in the interests of the Company and the Shareholders as a whole.

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

The Company had not conducted any other equity fund raising activities in the twelve (12) months immediately preceding the date of this announcement.

## **WARNINGS**

**The Completion is subject to fulfilment of the conditions under the Subscription Agreements, respectively. As the Subscription 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 Subscription pursuant to the terms and conditions of the Subscription Agreements

“Completion Date”	the fifth Business Day following the date on which the last in time of the conditions precedent under the Subscription Agreements (other than those conditions precedent under the Subscription Agreements which are expressed to be satisfied on or as at the Completion Date, but subject to the waiver or satisfaction of the conditions precedent under the Subscription Agreements) shall have been satisfied or waived in accordance with the Subscription Agreements, or such other earlier time or date as the parties under the Subscription Agreements may agree 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 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 Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 October 2021 (or such other date as may be agreed between the Company and the subscribers in writing)
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscribers”	not less than six subscribers, being individuals, institutional or other professional investors, and who and whose ultimate beneficial owners (if any) are third parties independent of the Company and its connected persons (as defined in the Listing Rules), to subscribe the Subscription Shares under the Subscription Agreements
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreements
“Subscription Agreements”	the subscription agreements dated 23 July 2021 entered into between the Company and the Subscribers in relation to the Subscription
“Subscription Price”	HK\$0.5 per Subscription Share
“Subscription Shares”	an aggregate of 169,000,000 Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreements
“Trading Days”	a day on which the Stock Exchange is open for business
“Transaction Document(s)”	the Subscription Agreements and any other documents which may from time to time be designated by written agreement of the Subscribers and the Company as a Transaction Document
“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, 23 July 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.*