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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)**

## **DISCLOSEABLE TRANSACTION IN RELATION TO THE TECHNOLOGICAL DEVELOPMENT PROJECT**

### **THE TECHNOLOGICAL DEVELOPMENT PROJECT**

The Board announces that on 9 September 2021 (after trading hours), the Company and its wholly-owned subsidiary entered into the Master Cooperation Agreement and the Technological Development Agreements in relation to the development of polycaprolactone microsphere facial filler and its materials for injection with Beijing Nuokangda at a Consideration of RMB88,500,000.

### **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Technological Development Project exceeds 5% but is less than 25%, the Technological Development Project and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

### **INTRODUCTION**

The Board announces that on 9 September 2021 (after trading hours), the Company and its wholly-owned subsidiary entered into the Master Cooperation Agreement and the Technological Development Agreements in relation to the development of polycaprolactone microsphere facial filler and its materials for injection with Beijing Nuokangda at a Consideration of RMB88,500,000. It is anticipated that the Technological Development Project will be completed within 49 months.

## THE COOPERATION AGREEMENTS

		<b>The Technological Development Agreements</b>	
	<b>The Master Cooperation Agreement</b>	<b>The agreements in relation to the development of polycaprolactone microsphere facial filler for injection</b>	<b>The agreements in relation to the development of polycaprolactone microsphere materials for injection</b>
<b>Date</b>	9 September 2021	9 September 2021	9 September 2021
<b>Parties</b>	The Company and Beijing Nuokangda	Sichuan Sinco and Beijing Nuokangda	Sichuan Sinco and Beijing Nuokangda
<b>Term</b>	From 9 September 2021 to 31 October 2025	From 9 September 2021 to 31 October 2025	From 9 September 2021 to 31 October 2025
<b>Scope of services and principal responsibilities</b>	Beijing Nuokangda is responsible for providing technological development services to Sichuan Sinco for the research and development of polucaprolactone microsphere facial filler and polycaprolactone microsphere materials for injection. Beijing Nuokangda shall provide assistance and cooperate with Sichuan Sinco (or its designated related party) on a best effort basis for its applications, filings, evaluations and other related works with relevant governmental departments.	Beijing Nuokangda is responsible for providing technological development services to Sichuan Sinco for the research and development of polycaprolactone microsphere facial filler for injection.	Beijing Nuokangda is responsible for providing technological development services to Sichuan Sinco for the research and development of polycaprolactone microsphere materials for injection.

<b>The Technological Development Agreements</b>		
	<b>The agreements in relation to the development of polycaprolactone microsphere facial filler for injection</b>	<b>The agreements in relation to the development of polycaprolactone microsphere materials for injection</b>
<b>The Master Cooperation Agreement</b>		

Beijing Nuokangda shall be responsible for any failure or partial failure of the Technological Development Project due to the insurmountable technical difficulties and conditions. Beijing Nuokangda shall promptly notify Sichuan Sinco and use its best efforts to take appropriate and effective measures to mitigate the loss and compensate Sichuan Sinco for the equivalent amount of payment paid by Sichuan Sinco in accordance with the terms and conditions of the Cooperation Agreements.

<b>Consideration</b>	N/A	RMB77,000,000 (comprising research and development costs for equipment of RMB31,000,000, biological research costs of RMB15,000,000 and clinical research costs of RMB31,000,000)	RMB11,500,000 as research and development costs
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<b>Basis of the Consideration</b>	The Consideration was determined after arm's length negotiations between the parties on normal commercial terms based on, among others, the historical research fundings of Beijing Neokangda for the development of polycaprolactone microsphere facial filler and its materials for injection, the research and development costs required for and the technological difficulty of polycaprolactone microsphere facial filler and its materials for injection and the analysis of its future potential. In determining the consideration amount of RMB77,000,000 for the development of polycaprolactone microsphere facial filler for injection, the Directors take into account the research works and clinical trials required for product development and the relevant costs and expenses to be incurred, such as labour, equipment and procurement costs. In determining the consideration amount of RMB11,500,000 for the development of polycaprolactone microsphere materials for injection, the Directors take into account the fees for acquiring polycaprolactone microsphere technologies, patents for production and raw materials needed for Beijing Nuokangda's research and development works. The Consideration will be financed by the internal resources of the Group.		
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		<b>The Technological Development Agreements</b>	
	<b>The Master Cooperation Agreement</b>	<b>The agreements in relation to the development of polycaprolactone microsphere facial filler for injection</b>	<b>The agreements in relation to the development of polycaprolactone microsphere materials for injection</b>
<b>Payment</b>	N/A	<p>The consideration shall be paid in the following manner:</p> <p>According to the development progress of Beijing Nuokangda and subject to the quality inspection satisfactory to Sichuan Sinco, (i) research and development costs for equipment of RMB31,000,000 to be paid in seven stages within 49 months; (ii) biological research costs of RMB15,000,000 to be paid in two stages within 10 months; and (iii) clinical research costs of RMB31,000,000 to be paid in five stages within 21 months.</p> <p>The payment schedule will be adjusted in accordance with the actual research and development progress.</p>	<p>The consideration shall be paid in the following manner:</p> <p>According to the development progress of Beijing Nuokangda and subject to the quality inspection satisfactory to Sichuan Sinco, research and development costs of RMB11,500,000 to be paid in seven within 49 months.</p> <p>The payment schedule will be adjusted in accordance with the actual research and development progress.</p>

## **INFORMATION OF THE PARTIES**

The Group is principally engaged in the provision of comprehensive marketing, promotion and channel management service for imported pharmaceutical products in the PRC. The Company is an exempted company incorporated in the Cayman Islands with limited liability and the principal business activity of which being investment holding.

Sichuan Sinco is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Group. It is principally engaged in the provision of the comprehensive marketing, promotion and channel management service for imported pharmaceutical products in the PRC as well as research and development of new pharmaceutical products and technological development of biotechnology products.

Beijing Nuokangda is a company established in the PRC with limited liability whose principal business is the provision of research and development services of pharmaceutical products. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Beijing Nuokangda and its ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.

## **REASON FOR AND BENEFITS OF ENTERING INTO THE COOPERATION AGREEMENTS**

Leveraging the Group's expertise and experience in the provision of imported pharmaceutical products, 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, in order to capture the market opportunities of medical aesthetic products, the Group intends to capitalize on Beijing Nuokangda's research and development capabilities on pharmaceutical materials and preparations to develop polycaprolactone microsphere facial filler and materials for injection in order to broaden the Group's income sources and diversify its product offerings. The Directors believe that such Technological Development Project could serve as a foundation for the Group to develop its expertise and resources in the establishment of its own research and development center to develop, produce and sell medical aesthetic products gradually. Also, capitalizing on the Group's established pharmaceutical marketing and promotion pipeline, the Directors believe that this could bring synergy effect to the marketing and sales of such new medical aesthetic products which could enable the Group to achieve revenue growth in the long run.

In view of the above, the Directors (including the independent non-executive Directors) consider that the Cooperation Agreements are on normal commercial terms and the terms thereof are fair and reasonable and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Technological Development Project exceeds 5% but is less than 25%, the Technological Development Project and the transactions contemplated thereunder constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Beijing Nuokangda”	Beijing Nuokangda Pharmaceutical Technology Co., Ltd. (北京諾康達醫藥科技股份有限公司), a company incorporated under the laws of the PRC
“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)
“Consideration”	the aggregate consideration payable to Beijing Nuokangda in relation to the Technological Development Project under the Cooperation Agreements
“Cooperation Agreements”	the Master Cooperation Agreement and the Technological Development Agreements
“Directors”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Cooperation Agreement”	the master cooperation agreement in relation to the Technological Development Project dated 9 September 2021 and entered into between the Company and Beijing Nuokangda
“PRC”	the People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) with a nominal value of HK\$0.0001 each in the share capital of the Company
“Sichuan Sinco”	Sichuan Sinco Pharmaceuticals Co., Ltd. (四川興科蓉藥業有限責任公司), an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Technological Development Agreements”	(i) the agreement in relation to the development of polycaprolactone microsphere facial filler for injection dated 9 September 2021 and as supplemented by the supplemental agreement dated 9 September 2021 which are entered into between Sichuan Sinco and Beijing Nuokangda; and (ii) the agreement in relation to the development of polycaprolactone microsphere materials for injection dated 9 September 2021 and as supplemented by the supplemental agreement dated 9 September 2021 which are entered into between Sichuan Sinco and Beijing Nuokangda
“Technological Development Project”	the project for the development of polycaprolactone microsphere facial filler (commonly known as “girl needle” (少女針) in the industry) and its materials for injection

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

Sichuan, the PRC, 9 September 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.*