

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

INSIDE INFORMATION

SUPPLEMENTAL AGREEMENT TO THE LOAN AGREEMENT AND POSSIBLE CHANGE IN CONTROLLING SHAREHOLDER

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

SUPPLEMENTAL AGREEMENT TO THE LOAN AGREEMENT

Reference is made to the announcement of the Company dated 23 April 2018 in relation to the Loan Agreement entered into among the Company as the borrower, Mr. Gui as the lender, Risun as the chargor and Mr. Huang as the guarantor for the Loan.

On 27 March 2019 (after trading hours), the Company, Mr Gui, Risun, Mr. Huang, Guangsha Overseas and Mr. Ye entered into the Supplemental Agreement to extend the repayment date of the Loan for an additional year from 30 April 2019 to 30 April 2020. In addition, pursuant to the Supplemental Agreement, Risun shall transfer certain Shares for partial settlement of the Loan in aggregate principal amount of RMB78,955,849.10 and the related accrued interests pursuant to the share charge under the Loan Agreement.

The Directors confirm that entering into the Supplemental Agreement will improve the Group's financial position and will not have any material impact on the Group's operations.

Details of the Supplemental Agreement are set out in this announcement.

POSSIBLE CHANGE IN CONTROLLING SHAREHOLDER

As at the date of this announcement, both Guangsha Overseas and Mr. Ye have no definite timetable for the execution the Transfers. The Company shall inform the Stock Exchange in writing as soon as the Company has been informed of any further developments. Further announcement will be made in accordance with the Listing Rules following the execution of the Transfers.

Upon completion of the possible Transfers, the shareholding of Risun in the Company will reduce from 62.06% to 27.06% and each of Risun and Mr. Huang will cease to be a controlling shareholder of the Company. In addition, Guangsha Overseas and Mr. Ye will hold 29% and 6% of the total issued share capital of the Company respectively and Guangsha Overseas will become a substantial shareholder (as defined under the Listing Rules) of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 23 April 2018 in relation to the Loan Agreement entered into among the Company as the borrower, Mr. Gui as the lender, Risun, the controlling shareholder of the Company, as the chargor and Mr. Huang as the guarantor for the Loan.

On 27 March 2019 (after trading hours), the Company, Mr Gui, Risun, Mr. Huang, Guangsha Overseas and Mr. Ye entered into the Supplemental Agreement to extend the repayment date of the Loan for an additional year from 30 April 2019 to 30 April 2020.

The summary details of the Supplemental Agreement are set out as follows:

THE SUPPLEMENTAL AGREEMENT

Date	:	27 March 2019 (after trading hours)
Parties	:	(1) the Company as the borrower (2) Gui Guoping as the lender (3) Risun Investments Limited as the charger (4) Huang Xiangbin as the Guarantor (5) Guangsha Overseas Holding Limited as one of the New Lenders (6) Ye Songshao as one of the New Lenders
Principal Amount	:	RMB140,000,000
Maturity Date	:	30 April 2020 (extended from 30 April 2019)

Late payment penalty : If the Company fails to repay the Loan or any interests accrued on or before the Maturity Date, a penalty interest of additional 20% per annum will be charged against the unpaid Loan and the interests accrued from time to time until the Loan is fully settled

Condition precedents : Mr. Gui shall assign, among other things, all his rights in respect of the principal balances RMB65,420,560.70 under the Loan Agreement to Guangsha Overseas, and Guangsha Overseas shall pay Mr. Gui RMB65,420,560.70 together with interest payment of RMB7,994,762.26.

Mr. Gui shall assign, among other things, all his rights in respect of the principal balances RMB13,535,288.40 under the Loan Agreement to Mr. Ye, and Mr. Ye shall pay Mr. Gui RMB13,535,288.40 together with interest payment of RMB1,649,599.37.

As at the date of the Supplemental Agreement, Mr. Gui remains the lender, while Guangsha Overseas and Mr. Ye will become the New Lenders. The total Loan of RMB140,000,000 will be due by the Company as to RMB61,044,150.90 to Mr. Gui; RMB65,420,560.70 to Guangsha Overseas; and RMB13,535,288.40 to Mr. Ye.

For settlement of the Guangsha Loan and the related accrued interests, Risun shall on the date of the Supplemental Agreement, transfer to Guangsha Overseas 490,186,916 Shares, representing 29% of the total issued share capital of the Company. Both Risun and Mr. Huang (a) have irrevocably agreed and confirmed that the above settlement by Shares does not represent any loan or financial assistance provided to the Company; and (b) have unconditionally waived all rights to claim against the Company for settlement of the Guangsha Loan by Shares.

For settlement of the Ye Loan and the related accrued interest, Risun shall on the date of the Supplemental Agreement, transfer to Mr. Ye 101,417,983 Shares, representing 6% of the total issued share capital of the Company. Both Risun and Mr. Huang (a) have irrevocably agreed and confirmed that the above settlement of the Ye Loan by Shares does not represent any loan or financial assistance provided to the Company; and (b) have unconditionally waived all rights to claim against the Company for settlement of the Ye Loan by Shares.

If the Transfers fail to be executed, Mr. Gui, Guangsha Overseas and Mr. Ye agree to exempt the condition(s) in relation to the Transfers respectively.

INFORMATION OF GUANGSHA OVERSEAS AND MR. YE

Guangsha Overseas is a company incorporated in Hong Kong with limited liability and principally engaged in investment holdings.

Mr. Ye is citizen of the PRC, and is a lawyer qualified in the PRC.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Guangsha Overseas and its respective ultimate beneficial owner(s) and Mr. Ye are both (a) independent third parties to the Company and its connected persons (including Risun and Mr. Huang); (b) independent of each other; and (c) independent of Mr. Gui.

Reasons for and Benefits of the Supplemental Agreement

The Company informed Mr. Gui on 15 March 2019 that it would be unable to repay the Loan and the related accrued interests or any part of them upon the original due date on 30 April 2019.

The Directors confirm that entering into the Supplemental Agreement will improve the Group's financial position and will not have any material impact on the Group's operations. The waivers by Risun and Mr. Huang of all their rights to claim against the Company for settlement of the Guangsha Loan and Ye Loan by Shares will be accounted for as transactions with equity holders and the relevant loan amounts and related accrued interests will be credited to the Company's reserve account.

The terms of the Supplemental Agreement were negotiated on an arm's length basis among the parties. The Directors are of the view that the terms of the Supplemental Agreement were entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

POSSIBLE CHANGE IN CONTROLLING SHAREHOLDER

As at the date of this announcement, both Guangsha Overseas and Mr. Ye have no definite timetable for the execution the Transfers. The Company shall inform the Stock Exchange in writing as soon as the Company has been informed of any further developments. Further announcement will be made in accordance with the Listing Rules following the execution of the Transfers.

If the Transfers are executed, following the Transfers, Risun, Guangsha Overseas and Mr. Ye hold as to 27.06%, 29% and 6% of the total issued share capital of the Company respectively. Accordingly, (i) each of Risun and Mr. Huang will cease to be a controlling shareholder of the Company but remains as a substantial shareholder (as defined in the Listing Rules) of the Company; and (ii) Guangsha Overseas will become a substantial shareholder of the Company.

The table below sets out the shareholding of the related parties in the Company immediately before and after the Transfers:

	Shareholding in the Company Before the Transfers		Shareholding in the Company After the Transfers	
	No. of Shares held	Approximate Shareholding	No. of Shares held	Approximate Shareholding
Risun ^(note)	1,050,000,000	62.06%	458,395,101	27.06%
Guangsha Overseas	–	–	490,186,916	29.00%
Mr. Ye	–	–	101,417,983	6.00%
Mr. Gui and his associate	44,500,000	2.63%	44,500,000	2.63%
Public shareholders	597,390,585	35.31%	597,390,585	35.31%
Total	<u>1,691,890,585</u>	<u>100.00%</u>	<u>1,691,890,585</u>	<u>100.00%</u>

Note: Risun is wholly-owned by Mr. Huang. Upon completion of the possible Transfers and discharge of the Guangsha Loan and Ye Loan by Guangsha Overseas and Ye respectively, all 458,395,101 Shares held by Risun will continue to be charged to Mr. Gui pursuant to the Loan Agreement.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	Sinco Pharmaceuticals Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries
“Guangsha Loan”	the loan in the amount of RMB65,420,560.70 granted to the Company by Guangsha Overseas
“Guangsha Overseas”	Guangsha Overseas Holding Limited (廣廈海外控股有限公司), an independent third party
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the loan made available under the Loan Agreement by the lender to the Company in the principal amount of RMB140,000,000

“Loan Agreement”	the loan agreement entered into among Mr. Gui as the lender, Risun as the charger and Mr. Huang as the guarantor, on 23 April 2018, pursuant to which Mr. Gui had agreed to advance the Loan to the Company
“Mr. Gui”	Mr. Gui Guoping, an independent third party
“Mr. Huang”	Mr. Huang Xiangbin, the chairman and executive Director
“Mr. Ye”	Mr. Ye Songshao (葉頌韶), an independent third party
“New Lenders”	Guangsha Overseas and Mr. Ye
“PRC”	the People’s Republic of China
“Risun”	Risun Investments Limited, a company incorporated in the British Virgin Islands and a controlling shareholder of the Company before the Transfers
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.0001 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Supplemental Agreement”	the supplemental loan agreement to the Loan Agreement dated 27 March 2019, to extend the loan repayment date for a year to 30 April 2020

