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)

PROFIT WARNING

This announcement is made by Sinco Pharmaceuticals Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong).

The board of directors (the "**Board**") of the Company wishes to inform the shareholders and potential investors of the Company that, based on a preliminary assessment of the unaudited management accounts of the Group for the financial year ended 31 December 2017 (the "**Reporting Period**"), the Group expects to record a significant loss of approximately RMB140 million for the Reporting Period (before the provision for goodwill impairment as discussed below), mainly attributable to the following facts: (i) In order to adapt to the new pharmaceutical policy and market changes, having conducted prudent business assessment and thorough review of its product portfolio, the Group has taken steps to terminate or suspend the business of some non-major products, such as Taurolite, during the Reporting Period, and concentrated resources on the marketing and promotion of the Group's core products such as Human Albumin Solution and antibiotics. Such business restructuring resulted in a plunge in the sales revenue of such non-major products and the impairment of their corresponding inventories and distribution rights, which in turn enlarged the Group's loss; (ii) To stabilise and raise the market share of its core products under the new pharmaceutical policy and market changes, the Group adopted a series of measures to build a more professional sales team for its core products during the Reporting Period, with additional market sales personnel to improve the coverage of its sales network and localise its sales channels. Hence, compared with 2016, the Group will record a substantial increase in staff costs, marketing expenses and professional fees for the Reporting Period; and (iii) Compared with 2016, the depreciation of RMB against USD led to a sharp increase in purchase cost for the Group's products during the Reporting Period, compromising their profitability.

In addition, there may be further loss related to the goodwill impairment for business combination in 2015 and 2016, and the Group is in the process of evaluating the impact.

The Company is in the process of finalising the results of the Group for the Reporting Period. The information contained in this announcement is only a preliminary assessment by the Board with reference to the latest information currently available which has not been audited nor reviewed by the Company's auditor. Shareholders and potential investors of the Company are advised to carefully read the Company's results announcement for the year ended 31 December 2017, which is expected to be issued by the end of March 2018.

The Board considers that the overall operational and financial positions of the Group remain solid and the Board remains positive on the long-term prospect of the Group.

Shareholders and potential investors of the Company are advised to exercise caution in dealing in the shares of the Company.

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

Sichuan, the PRC, 2 March 2018

As at the date of this announcement, the executive directors of the Company are Mr. Huang Xiangbin and Ms. Zhang Zhijie; and the independent non-executive directors of the Company are Mr. Chow Siu Lui, Mr. Wang Qing, Mr. Liu Wenfang, Mr. Chen David Yu and Mr. Philip Wong Yee Teng.