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 AND CLARIFICATION ANNOUNCEMENT REGARDING THE PUBLISHED UNAUDITED ANNUAL RESULTS AND UPDATE ON THE AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement (the "**2019 Results Announcement**") of Sinco Pharmaceuticals Holdings Limited (the "**Company**") dated 30 March 2020 in relation to the unaudited annual results of the Company and its subsidiaries (together, the "**Group**") for the year ended 31 December 2019 (the "**2019 Annual Results**") and the date of board meeting announcement dated 3 April 2020. Capitalised terms used herein, unless otherwise defined, shall have the same meanings as those defined in the 2019 Results Announcement.

The Company would like to announce that the auditing process for the 2019 Annual Results has been completed on 17 April 2020, and would like to supplement and clarify the following in relation to the 2019 Results Announcement:

1. the figures (amount expressed in thousands of RMB) for "Lease liabilities (current)" and "Current liabilities" under the column headed "Capitalisation of operating lease contracts" under note "1.2 CHANGES IN ACCOUNTING POLICIES" on page 8 of the 2019 Results Announcement should both read as **870**, and the figures (amount expressed in thousands of RMB) for "Lease liabilities (current)" and "Current liabilities" under the column headed "Carrying amount at 1 January 2019" on the same page should read as **870** and **589,909**, respectively;

2. the subparagraph headed "*(iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.*" under note "2. REVENUE AND SEGMENT REPORTING" on page 9 of the 2019 Results Announcement shall be deleted in its entirety and replaced as follows:

   "(iii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

   As at 31 December 2019, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contract with one customer entered in 2018 is RMB29,685,000 (2018: RMB48,956,000), which represents revenue expected to be recognised in the future. The Group will recognise the expected revenue in future when or as the goods are delivered and control of the goods is transferred to the customer, which is expected to occur over the next 12 months.

   The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales contracts with other customers such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of pharmaceutical products that had an original expected duration of one year or less."

3. the figures (amount expressed in thousands of RMB) for "Interest on bank loans and other borrowings" and "Interest on lease liabilities" for 2019 under note "4. FINANCE COSTS" on page 10 of the 2019 Results Announcement should read as **18,683** and **92**, respectively;

4. the figures (amount expressed in thousands of RMB) for "Depreciation charge" on "Owned property, plant and equipment" for 2019 under note "5. PROFIT/(LOSS) BEFORE TAX" on page 11 of the 2019 Results Announcement should read as **9,213**, and accordingly the subtotal (amount expressed in thousands of RMB) for "Depreciation charge" on the same page for 2019 should read as **10,333**;

5. the figures (amount expressed in thousands of RMB) for the trade payables for 2019 which was "Within three months" and "Over three months" as stated in note "10. TRADE PAYABLES" on page 13 of the 2019 Results Announcement should read as **252** and **145,906**, respectively;

6. the paragraph headed "Administrative expenses" on page 15 of the 2019 Results Announcement should read as follows:

   "During the Reporting Period, the Group recorded administrative expenses of RMB45.8 million, representing a decrease of RMB9.7 million as compared with that of 2018, mainly due to the decrease in professional service fee of RMB**7.2** million during the Reporting Period."

7. the paragraph headed "Finance costs" on page 16 of the 2019 Results Announcement should read as follows:

   "During the Reporting Period, the Group recorded finance costs of RMB20.0 million, representing a decrease of RMB14.8 million as compared with that of 2018, which included (i) the decrease in the bond interest expense of RMB6.2 million; (ii) the decrease in interest expenses on bank and other borrowings of RMB**<u>8.0</u>** million; and (iii) the decrease in the interest on discounted bills receivable of RMB0.6 million."

8. the third paragraph under the subheading "*Axetine (Cefuroxime Sodium for injection)*" on page 21 of the 2019 Results Announcement should read as follows:

   "The **<u>sales volume of</u>** Axetine products **<u>in 2019</u>** sold by the Group **<u>is similar to that of 2018</u>**. Affected by the re-registration of the Imported Drug License, the product supply in the first half of 2020 may be lower than last year. We expect the sales of Axetine for the whole year to be the same as last year. Also, following the completion of the re-registration process for Medocef in last year, sales volume has increased significantly compared to 2018, and the sales volume of 2020 is expected to be similar as 2019."

Save as disclosed above, the 2019 Annual Results contained in the 2019 Results Announcement remain unchanged.

AUDITOR'S AGREEMENT ON THE 2019 ANNUAL RESULTS

Following the adjustments described in items 1 to 5 above, the Company's auditor, Crowe (HK) CPA Limited, has agreed on the 2019 Annual Results (including the financial figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position and the related notes thereto) as set out in the 2019 Results Announcement in accordance with the requirements of Rule 13.49(2) of the Listing Rules.

PUBLICATION OF ANNUAL REPORT

The Company will publish its annual report for the year ended 31 December 2019 (the "**Annual Report**") in accordance with the requirements of the Listing Rules, or in accordance with the "Further Guidance on the Joint Statement in relation to Results Announcements in light of the COVID-19 Pandemic" issued by The Securities and Futures Commission and The Stock Exchange of Hong Kong Limited dated 16 March 2020. Based on the information currently available to the Company, it expects to publish its Annual Report on or before 15 May 2020.

DATE OF THE AGM AND CLOSURE OF THE REGISTER OF MEMBERS

The Company wishes to further update the Shareholders that the AGM will be held on Tuesday, 23 June 2020 (instead of Friday, 12 June 2020 as stated in the 2019 Results Announcement).

The register of members of the Company will be closed from Thursday, 18 June 2020 to Tuesday, 23 June 2020, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming AGM. To be eligible for attending and voting at the AGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 17 June 2020.

A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

Save as disclosed above, all other information in the 2019 Results Announcement and its Chinese version remains unchanged.

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

Sichuan, the PRC, 17 April 2020

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. Lau Ying Kit, Mr. Wang Qing and Mr. Liu Wenfang.