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国药集团
SINOPHARM

國藥控股股份有限公司 SINOPHARM GROUP CO. LTD.*

(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as 國控股份有限公司)
(Stock Code: 01099)

PROFIT WARNING

This announcement is made by Sinopharm Group Co. Ltd. (the "**Company**", 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 "**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).

The board of directors (the "**Board**") of the Company wishes to inform its shareholders and potential investors that based on preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group and the information currently available to the Company, it is estimated that the net profit attributable to owners of parent company will record a decline of approximately 30% for the first quarter ended 31 March 2018 (the "**First Quarter**") as compared to the corresponding period of last year. The estimated decline is mainly attributable to the following factors:

1. The Group's revenue growth slowed down due to the influence of industry policies such as the control of the percentage of drug sales in total revenue of domestic medical institutions;
2. To implement the integrated wholesale-retail distribution model and penetration to lower-tier market strategies and create a more competitive medical service system, the Group has invested more in labor and store rental in the early stages of the development of the business which led to a relatively faster growth of the selling and administrative expenses; and
3. The Group's capital needs further increased with the development of business and restructure of business structure, while the interest rate increased in the market, which led to a relatively faster growth of the finance costs.

The Company is still in the process of finalizing the results of the First Quarter. The information contained in this announcement is only a preliminary assessment made by the Board with reference to the management accounts and the information currently available to the Company, which have not been confirmed or reviewed and may be subject to adjustments. Detailed financial information will be disclosed in the results of the Company for the First Quarter to be published before the end of April 2018.

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

By order of the Board
Sinopharm Group Co. Ltd.
Li Zhiming
Chairman

Shanghai, the PRC
10 April 2018

As at the date of this announcement, the executive directors of the Company are Mr. Li Zhiming and Mr. Liu Yong; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. She Lulin, Mr. Wang Qunbin, Mr. Ma Ping, Mr. Deng Jindong, Mr. Wen Deyong, Ms. Rong Yan and Mr. Wu Yijian; and the independent non-executive directors of the Company are Ms. Li Ling, Mr. Yu Tze Shan Hailson, Mr. Tan Wee Seng, Mr. Liu Zhengdong and Mr. Zhuo Fumin.

** The Company is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance under its Chinese name and the English name "Sinopharm Group Co. Ltd."*