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SINOPHARM GROUP CO. LTD.*

國藥控股股份有限公司

(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)

PROPOSED RE-ELECTION AND APPOINTMENTS OF DIRECTORS AND SUPERVISORS

The Board hereby announces that as the term of office of the Second Session of the Board will expire on 20 September 2014, it resolved at a meeting held on 25 July 2014 to propose to re-elect Mr. Wei Yulin and Mr. Li Zhiming as executive directors of the Third Session of the Board; to re-elect Mr. Chen Qiyu, Mr. She Lulin, Mr. Wang Qunbin, Mr. Zhou Bin, Mr. Deng Jindong, Mr. Li Dongjiu and Mr. Liu Hailiang as non-executive directors of the Third Session of the Board; and to re-elect Ms. Li Ling as an independent non-executive director of the Third Session of the Board. In addition, the Board also proposed at the Meeting to appoint Mr. Li Yuhua as a new non-executive director of the Third Session of the Board; and to appoint Mr. Yu Tze Shan Hailson, Mr. Lyu Changjiang, Mr. Tan Wee Seng and Mr. Liu Zhengdong as new independent non-executive directors of the Third Session of the Board.

The Board further announces that as the term of office of the Second Session of the Supervisory Committee will also expire on 20 September 2014, the Supervisory Committee resolved on 25 July 2014 to propose to re-elect Mr. Yao Fang and Mr. Lian Wanyong as shareholder representative supervisors of the Third Session of the Supervisory Committee.

In accordance with the Articles of Association, the above proposed re-election and appointments of directors and shareholder representative supervisors are subject to the approval by the Shareholders at the general meeting of the Company; while the employee representative supervisor of the Third Session of the Supervisory Committee shall be elected democratically by the employees of the Company and is not subject to the Shareholders' approval. An extraordinary general meeting of the Company will be held in due course to seek the approval of the Shareholders on the re-election and appointments of directors and shareholder representative supervisors.

Mr. Wang Fucheng, the non-executive director of the Second Session of the Board, will retire upon expiration of the term of office of the Second Session of the Board as mentioned above. Pursuant to the Rules of Procedures of the Board, the independent non-executive directors of the Company shall not serve more than two sessions of the Board. Therefore, Mr. Wang Fanghua, Mr. Xie Rong, Mr. Tao Wuping and Mr. Zhou Bajun, each an independent non-executive director of the Second Session of the Board, will retire upon expiration of the term of office of the Second Session of the Board as mentioned above.

The Board would like to express its sincere gratitude to the contributions made by Mr. Wang Fucheng, Mr. Wang Fanghua, Mr. Xie Rong, Mr. Tao Wuping and Mr. Zhou Bajun to the Company during their tenure of service.

Proposed Re-election and Appointments of Directors

The board of directors (the “**Board**”) of Sinopharm Group Co. Ltd. (the “**Company**”) hereby announces that as the term of office of the Second Session of the Board will expire on 20 September 2014, it resolved at a meeting held on 25 July 2014 (the “**Meeting**”) to propose to re-elect Mr. Wei Yulin and Mr. Li Zhiming as executive directors of the Third Session of the Board; to re-elect Mr. Chen Qiyu, Mr. She Lulin, Mr. Wang Qunbin, Mr. Zhou Bin, Mr. Deng Jindong, Mr. Li Dongjiu and Mr. Liu Hailiang as non-executive directors of the Third Session of the Board; and to re-elect Ms. Li Ling as an independent non-executive director of the Third Session of the Board. In addition, the Board also proposed at the Meeting to appoint Mr. Li Yuhua (“**Mr. Li**”) as a new non-executive director of the Third Session of the Board; and to appoint Mr. Yu Tze Shan Hailson (“**Mr. Yu**”), Mr. Lyu Changjiang (“**Mr. Lyu**”), Mr. Tan Wee Seng (“**Mr. Tan**”) and Mr. Liu Zhengdong (“**Mr. Liu**”) as new independent non-executive directors of the Third Session of the Board.

In accordance with the articles of association of the Company (the “**Articles of Association**”), the above proposed re-election and appointments of directors are subject to the approval by the shareholders of the Company (the “**Shareholders**”) at the general meeting of the Company. An extraordinary general meeting of the Company will be held in due course to seek the approval of the Shareholders in this regard.

Mr. Wang Fucheng, the non-executive director of the Second Session of the Board, will retire upon expiration of the term of office of the Second Session of the Board as mentioned above. In accordance with the Rules of Procedures of the Board, the independent non-executive directors of the Company shall not serve more than two sessions of the Board. Therefore, Mr. Wang Fanghua, Mr. Xie Rong, Mr. Tao Wuping and Mr. Zhou Bajun, each an independent non-executive director of the Second Session of the Board, will retire upon expiration of the term of office of the Second Session of the Board as mentioned above.

The Board would like to express its sincere gratitude to the contributions made by Mr. Wang Fucheng, Mr. Wang Fanghua, Mr. Xie Rong, Mr. Tao Wuping and Mr. Zhou Bajun to the Company during their tenure of service.

The Biographical Details of the Proposed New Directors of the Third Session of the Board

Mr. Li Yuhua, aged 64, has more than 38 years of working experience in management. Mr. Li graduated from Beijing International Business College with a bachelor of Arts degree in Japanese in August 1976. Mr. Li served as official, deputy section chief and section chief of the International Bureau of the head office of Bank of China from September 1976 to January 1989. Mr. Li served as vice president and president of Bank of China's Tokyo Branch from January 1989 to March 1993 and from January 1998 to December 2006, respectively. Mr. Li served as deputy general manager of International Business Department of Bank of China from March 1993 to January 1998. Mr. Li served as chairman of board of directors of each of Bank of China (Russia) Limited and Bank of China (Malaysia) Limited from January 2007 to May 2010. Mr. Li has been serving as external director head of Audit and Risk Committee and a member of Budget Committee of China National Pharmaceutical Group Corporation since February 2013 till now.

Mr. Yu Tze Shan Hailson, aged 58, has about 35 years of working experience. Mr. Yu graduated from Department of Electrical Engineering of University of Calgary in Canada with a bachelor's degree in Engineering in 1979, graduated from the University of Hong Kong with a master's degree in Electrical Engineering in 1987, graduated from City University of Hong Kong with a master's degree of law in Arbitration and Dispute Resolution in 1995 and completed the postgraduate diploma in Investment Management and graduate certificates in Hong Kong Laws and Traditional Chinese Medicine courses. Mr. Yu served as equipment maintenance and testing engineer, equipment maintenance and testing laboratory manager, computer engineering and system engineering manager of Ampex FerroTec Limited (Hong Kong) successively from June 1979 to September 1987. Mr. Yu joined China International Trust and Investment Corporation HongKong (Holdings) Limited and served as general manager of engineering research and development department and consultant of Petroleum Development and LPG Tank Terminal Port successively from October 1987 to January 1998. Mr. Yu has been serving as deputy managing director of Versitech Limited and deputy section chief of Technology Transfer Office of the University of Hong Kong since February 1998 till now. Mr Yu has been serving as independent non-executive director of China Traditional Chinese Medical Co., Ltd. (formerly known as Winteam Pharmaceutical Group Limited, a company listed on the Hong Kong Stock Exchange) since November 2013 till now. Mr. Yu currently is a Chartered Engineer of Institution of Mechanical Engineers, fellow of each of the British Institute of Electrical Engineers, Hong Kong Institution of Engineers, the Chartered Institute of Arbitrators and Hong Kong Institute of Arbitrators.

Mr. Lyu Changjiang, aged 49, has more than 25 years of working experience. Mr. Lyu graduated from the Department of Mathematics of Jilin Normal University with a bachelor of Science degree in June 1987, graduated from the Department of Accounting of Xiamen University with a master's degree in Accounting in June 1993, and graduated from the School of Business of Jilin University with a doctor's degree in Quantitative Economics in December 1999. Mr. Lyu successively served as deputy head and head of the Department of Accounting from June 1989 to May 2001, as well as associate dean and doctoral tutor from May 2001 to February 2006, of the School of Business of Jilin University. Mr. Lyu took Advanced Management Program of Nyenrode University in Netherlands from January 1999 to September 1999, and as a Fullbright senior research scholar in the University of California, United States, from September 2004 to September 2005. Mr. Lyu has been serving as head, associate dean, professor and doctoral tutor of the Department of Accounting of the School of Management of Fudan University since February 2006 till now. Mr. Lyu once served as independent director of each of Changchun High & New Technology Industries (Group) Inc., East Money Information Co., Ltd., and Zhejiang China Commodities City Group Co., Ltd. Currently, Mr. Lyu is an independent director of Shanghai Jinfeng Investment Co., Ltd., a member of the Expert Group of China Accounting Standards Committee of the Ministry of Finance, and associate editor of "China Accounting Review".

Mr. Tan Wee Seng, aged 58, has more than 37 years of working experience. Mr. Tan is a Chartered Global Management Accountant, Fellow member of the Chartered Institute of Management Accountants in United Kingdom, and the fellow member of Hong Kong Institute of Directors. Mr. Tan has been with Reuters from April 1984 to June 2002 and served as finance manager of each of Reuters Malaysia and Brunei, finance manager (head) of Reuters Asia and Reuters East Asia, special and merger & acquisition project manager of Reuters Asia, executive director of Infocast Australia Pty Limited, a subsidiary of Reuters Australia, managing director of AFE Computer Services Limited, a subsidiary of Reuters in Hong Kong, finance manager (head of finance) of Reuters East Asia, senior vice president and chief representative of Reuters China, Mongolia and North Korea regions. Mr. Tan served as chief finance officer of Li Ning Group since January 2003, and served as executive director, chief finance officer and company secretary of Li Ning Company Limited (a company listed on the Hong Kong Stock Exchange), from June 2004 to November 2008. Mr Tan was an independent director and chairman of the audit committee of 7 Days Holdings Limited (whose shares were listed on the New York Stock Exchange between November 2009 to July 2013) until it was privatized. He was the Chairman of the Special Committee for Privatization of 7 Days Holdings Limited from October 2012 to July 2013. Mr. Tan currently also serves as independent non-executive director of each of Biostime International Holdings Limited (a company listed on the Hong Kong Stock Exchange), Sa Sa International Holdings Limited (a company listed on the Hong Kong Stock Exchange), CIFI Holdings (Group) Company Limited (a company listed on the Hong Kong Stock Exchange), non-executive director of Xtep International Holdings Limited (a company listed on the Hong Kong Stock Exchange), independent director of ReneSola Ltd (a company listed on the New York Stock Exchange) and a director and chairman of finance and operation committee of Beijing City International School.

Mr. Liu Zhengdong, aged 44, is a lawyer who has more than 20 years of working experience as a practicing lawyer. Mr. Liu graduated from East China University of Political Science and Law (formerly known as East China School of Political Science and Law) with a bachelor's degree in Law in 1991 and graduated from East China University of Political Science and Law with juris master's degree in 2002. Mr. Liu co-founded Shanghai Hongqiao Law Firm with others in 1994. Mr. Liu co-founded Shanghai Junyue Law Firm with others in 1998 as senior partner and has been serving as head of the firm until now. Mr. Liu served as president of the Eighth Session of Shanghai Bar Association and was also honored as the First Session of National Excellent Lawyer, the First Session of Shanghai Excellent Non-litigation Lawyer and Shanghai Leading Talent. Currently, Mr. Liu serves as adjunct professor of East China University of Political Science and Law, part-time master tutor of the School of Law of Shanghai Jiao Tong University, visiting professor of each of Shanghai University of Political Science and Law and Lawyer School of Renmin University of China. Mr. Liu also serves as a member of Standing Committee of All-China Youth Federation, standing director of the National Lawyers Association, deputy to the Fourteenth Shanghai People's Congress, vice chairman of Shanghai Youth Federation and vice president of Shanghai Federation of Industry and Commerce.

Save as disclosed above, none of Mr. Li, Mr. Yu, Mr. Lyu, Mr. Tan or Mr. Liu has any relationship with any director, senior management or substantial or controlling Shareholder, or has any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Save as disclosed above, none of Mr. Li, Mr. Yu, Mr. Lyu, Mr. Tan or Mr. Liu held any other positions in the Company or any of its subsidiaries, or any directorships in other listed companies in the last three years. Mr. Yu, Mr. Lyu, Mr. Tan and Mr. Liu all confirmed that they meet the independence criteria as set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**").

Save as disclosed above, the Company is not aware of any other matters that need to be brought to the attention of the Shareholders or any information in relation to the appointment of each of Mr. Li, Mr. Yu, Mr. Lyu, Mr. Tan or Mr. Liu that need to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

Upon the above-mentioned proposed re-election and appointments of directors of the Third Session of the Board being approved by the Shareholders, the Company will enter into a service contract with each of them. The term of office of each of them as a director of the Third Session of the Board will be from 21 September 2014 to 20 September 2017. The remuneration of each of them for serving as an executive director, non-executive director or independent non-executive director of the Third Session of the Board will be determined by the Board according to the authorization to be granted by the Shareholders at the general meeting and in accordance with the Company's remuneration policies regarding the executive directors, non-executive directors and independent non-executive directors, respectively.

Proposed Re-election of Supervisors

The Board further announces that as the term of office of the Second Session of the supervisory committee of the Company (the "**Supervisory Committee**") will also expire on 20 September 2014, the Supervisory Committee resolved on 25 July 2014 to propose to re-elect Mr. Yao Fang and Mr. Lian Wanyong as shareholder representative supervisors of the Third Session of the Supervisory Committee.

In accordance with the Articles of Association, the above proposed re-election of shareholder representative supervisors is subject to the approval by the Shareholders at the general meeting of the Company; while the employee representative supervisor of the Third Session of the Supervisory Committee shall be elected democratically by the employees of the Company and is not subject to the Shareholders' approval.

Upon the proposed re-election of the above-mentioned shareholder representative supervisors of the Third Session of the Supervisory Committee being approved by the Shareholders, the Company will enter into a service contract with each of them. The term of office of each of them as a shareholder representative supervisor of the Third Session of the Supervisory Committee will be from 21 September 2014 to 20 September 2017. Both Mr. Yao Fang and Mr. Lian Wanyong will not receive any remuneration from the Company in their capacity as shareholder representative supervisors of the Company.

By order of the Board
Sinopharm Group Co. Ltd.
Wei Yulin
Chairman

Shanghai, the PRC
25 July 2014

As at the date of this announcement, the executive directors of the Company are Mr. Wei Yulin and Mr. Li Zhiming; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. She Lulin, Mr. Wang Qunbin, Mr. Wang Fucheng, Mr. Zhou Bin, Mr. Deng Jindong, Mr. Li Dongjiu and Mr. Liu Hailiang; and the independent non-executive directors of the Company are Mr. Wang Fanghua, Mr. Xie Rong, Mr. Tao Wuping, Mr. Zhou Bajun and Ms. Li Ling.

* *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."*