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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE DISCLOSEABLE TRANSACTIONS IN RELATION TO THE PROPOSED DISPOSAL OF EQUITY INTERESTS IN CERTAIN SUBSIDIARIES HELD BY THE COMPANY TO SINOPHARM (CNCM LTD)

References is made to the announcement of Sinopharm Group Co. Ltd. (the "**Company**") dated 20 July 2016 (the "**Announcement**") in relation to, among others, the proposed disposal of the Target Assets by the Company to SINOPHARM (CNCM LTD), the consideration of which will be satisfied by issuance Consideration Shares by SINOPHARM (CNCM LTD) to the Company.

Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

SUPPLEMENTAL ASSETS TRANSFER AGREEMENTS

As disclosed in the Announcement, the valuation reports of the Target Assets will be filed with and confirmed by the SASAC, and if there is any change or adjustment to the results of the Filed Valuation, the parties under the Assets Transfer Agreements will negotiate in good faith to agree on adjustments to the initial price and any other consequential amendments that may be necessary. In addition, if the final consideration for the transactions under the Assets Transfer Agreements is adjusted, the total number of the Consideration Shares to be issued by SINOPHARM (CNCM LTD) will be correspondingly adjusted based on the issue price.

After filing with and confirmed by the SASAC, the results of the Filed Valuation of the Target Assets have been adjusted from RMB5,372.6849 million, being the results of the Preliminary Valuation, to RMB5,372.9226 million, of which the valuation results of 96% equity interest in Sinopharm Beijing, 51% equity interest in Beijing Huahong, 51% equity interest in Beijing Kangchen, and 51% equity interest in Beijing Tianxing have been adjusted from RMB2,668.4786 million, RMB1,108.4566 million, RMB524.5686 million, and RMB1,071.1811 million to RMB2,668.8758 million, RMB1,108.4565 million, RMB524.4522 million, and RMB1,071.1381 million, respectively.

Taking into account the above-mentioned results of the Filed Valuation and Beijing Huahong's distribution of 2015 final dividend amounted to RMB65.1530 million, on 23 September 2016, the Company entered into the supplemental agreements to the Assets Transfer Agreements with SINOPHARM (CNCM LTD) and the Other Minority Shareholders, pursuant to which, the consideration for the disposal of the Target Assets has been confirmed as RMB5,339.6946 million, the issue price of Consideration Shares remain as RMB25.10 per share, and the number of Consideration Shares to be issued by SINOPHARM (CNCM LTD) to the Company has

been adjusted from approximately 214,051,189 shares to 212,736,835 shares. While the consideration to be obtained by the Other Minority Shareholders for disposal of their corresponding equity interests in certain Target Companies to SINOPHARM (CNCM LTD) and the consideration shares to be issued by SINOPHARM (CNCM LTD) are also adjusted by the parties accordingly. Upon completion of all the transactions under the Assets Transfer Agreements, the Company's shareholding ratio in SINOPHARM (CNCM LTD) will be increased from 44.01% to 58.52%.

The above-mentioned adjustments are immaterial, and saved as amended by the supplemental agreements mentioned above, all other major provisions in relation to the Assets Restructuring under the Asset Transfer Agreements remain unchanged and continue to be in force. The issue price and amount of Consideration Shares under the Asset Transfer Agreements are subject to the approval of shareholders of SINOPHARM (CNCM LTD) and the approval of the CSRC.

PROFIT FORECAST

As mentioned in the Announcement, the valuation of each of the Target Companies was prepared by the Independent Valuer based on, among others, income approach, which involves the calculation of discounted cash flow. Therefore, such valuation of each of the aforesaid Target Companies is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules.

The Filed Valuation of each of the aforesaid Target Companies was prepared based on the same valuation methods and major assumptions as adopted in the Preliminary Valuation, and the Board confirms that there are no material difference between the Preliminary Valuation and the Filed Valuation.

PricewaterhouseCoopers, the reporting accountant of the Company, has reviewed the arithmetical calculations of the discounted future estimated cash flows of Sinopharm Beijing, Beijing Huahong, Beijing Kangchen and Beijing Tianxing in accordance with the bases and assumptions adopted in the Filed Valuation as set out in the appendixes to this announcement, which do not involve the adoption of any accounting policy.

The Directors confirm that the profit forecast of each of Sinopharm Beijing, Beijing Huahong, Beijing Kangchen and Beijing Tianxing have been made after due and careful enquiries.

Letters from the Board and PricewaterhouseCoopers in relation to the calculations of discounted future estimated cash flows in relation to the Filed Valuation of aforesaid Target Companies are set out in the appendixes to this announcement.

EXPERT AND CONSENT

The name and qualification of the expert who has given opinions and advices included in this announcement are as follows:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

As at the date of this announcement, PricewaterhouseCoopers does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person(s) to subscribe for the securities in any member of the Group.

PricewaterhouseCoopers has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter or report and all references to its name in the form and context in which it is included.

SUPPLEMENTAL COMPENSATION UNDERTAKING AGREEMENTS

As mentioned in the Announcement, the committed net profit amount of each of the Target Companies will be determined by the parties after the valuation results of the Target Companies have been filed with the SASAC. On 23 September 2016, the Company, SINOPHARM (CNCM LTD) and the Other Minority Shareholders entered into the supplemental compensation agreements to determine the committed net profit amount of each of the Target Companies, pursuant to which (i) the committed net profit amount of Sinopharm Beijing are RMB250.5362 million, RMB276.5354 million, and RMB305.2887 million in 2016, 2017 and 2018, respectively, (ii) the committed net profit amount of Beijing Huahong are RMB160.0468 million, RMB182.0305 million, and RMB209.8400 million in 2016, 2017 and 2018, respectively, (iii) the committed net profit amount of Beijing Kangchen are RMB63.2985 million, RMB74.0678 million, and RMB86.6263 million in 2016, 2017 and 2018, respectively, and (iv) the committed net profit amount of Beijing Tianxing are RMB170.1605 million, RMB195.0535 million, and RMB223.0363 million in 2016, 2017 and 2018, respectively.

If the actual net profit amount of any of the Target Companies is lower than the corresponding committed net profit amount during the Profit Compensation Period, the Company will compensate the shortfall in accordance with the ways of compensation as agreed in the compensation agreements and disclosed in the Announcement.

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

Shanghai, the PRC
23 September 2016

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. Li Yuhua, Mr. Deng Jindong, Mr. Li Dongjiu Mr. Lian Wanyong, 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."*

APPENDIX I — FINAL ASSUMPTIONS OF THE FILED VALUATION OF SINOPHARM BEIJING AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF SINOPHARM BEIJING

A. FINAL ASSUMPTIONS OF THE FILED VALUATION OF SINOPHARM BEIJING

I. General Assumptions

1. it is assumed that the valuated entity will continue operating after the Valuation Reference Date;
2. it is assumed that there will be no material changes to the political, economic and social environment of the country and regions after the Valuation Reference Date;
3. it is assumed that there will be no material changes to the macro-economic policies, industrial policies or regional development policies in the country after the Valuation Reference Date;
4. it is assumed that, saved as the known changes, there will be no material changes to the interest rates, exchange rates, tax bases and tax rates, as well as policies charges in relation to the valuated entity after the Valuation Reference Date;
5. it is assumed that the management of the valuated entity will be responsible and stable, and have the capability to take on their duties after the Valuation Reference Date;
6. it is assumed that the valuated entity will comply with all related laws and regulations; and
7. it is assumed that there will be no material adverse impacts arising from force majeure after the Valuation Reference Date.

II. Special Assumptions

1. it is assumed that the valuated entity will adopt the fundamentally same accounting policies in the future with the ones adopted in preparing the valuation report after the Valuation Reference Date;
2. it is assumed that the valuated entity will maintain the existing business scope and mode on the basis of the present management mode and level after the Valuation Reference Date; and
3. it is assumed that the valuated entity will have even cash outflow and cash inflow after the Valuation Reference Date.

APPENDIX I — FINAL ASSUMPTIONS OF THE FILED VALUATION OF SINOPHARM BEIJING AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF SINOPHARM BEIJING

B. LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF SINOPHARM BEIJING

I. Letter from the reporting accountant

INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE CALCULATION OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF SINOPHARM HOLDING BEIJING CO., LTD. TO THE BOARD OF DIRECTORS OF SINOPHARM GROUP CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) dated 25 July 2016 prepared by Beijing China Enterprise Appraisals Co., Ltd. in respect of the appraisal of the fair value of the 96% equity interests in Sinopharm Holding Beijing Co., Ltd. (the “Target Company”) is based. The final assumptions of the Valuation is set out in Appendix I(A) to the announcement of Sinopharm Group Co., Ltd (the “Company”) dated 23 September 2016 (the “Announcement”) in connection with the disposal of 96% equity interest in the Target Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Appendix I (A) to the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Hong Kong Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out in the Appendix I (A) of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

APPENDIX I — FINAL ASSUMPTIONS OF THE FILED VALUATION OF SINOPHARM BEIJING AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF SINOPHARM BEIJING

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Hong Kong Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company as set out in the Appendix I (A) to the Announcement.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 September 2016

APPENDIX I — FINAL ASSUMPTIONS OF THE FILED VALUATION OF SINOPHARM BEIJING AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF SINOPHARM BEIJING

II. Letter from the Board



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)*

23 September 2016

The Stock Exchange of Hong Kong Limited
11/F., One International Finance Centre,
1 Harbour View Street,
Central,
Hong Kong

Dear Sirs or Madams,

**THE PROPOSED DISPOSAL OF 96% EQUITY INTEREST
IN SINOPHARM BEIJING**

We refer to the announcements of the Company dated 20 July 2016 and 23 September 2016 (the “**Announcements**”). Unless the context otherwise requires, terms defined in the Announcements shall have the same meanings in this letter when used herein.

We note that PricewaterhouseCoopers, the reporting accountant of the Company, has examined the arithmetical accuracy of the calculation of the discounted cash flow forecast in the Filed Valuation of Sinopharm Beijing prepared by Beijing China Enterprise Appraisal Co., Ltd. (北京中企華資產評估有限責任公司), the Independent Valuer, in relation to the valuation of 96% equity interest in Sinopharm Beijing. The Filed Valuation of Sinopharm Beijing is prepared based on discounted cash flows method and is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules.

We have discussed with the Independent Valuer the bases and assumptions in the Filed Valuation of Sinopharm Beijing upon which the underlying forecast has been made and have reviewed the Filed Valuation of Sinopharm Beijing. We have also considered the report from the PricewaterhouseCoopers regarding whether the discounted future estimated cash flow of the Sinopharm Beijing, so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with the respective bases and assumptions in the Filed Valuation of Sinopharm Beijing.

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On the basis of the foregoing, we confirm that the Filed Valuation of Sinopharm Beijing, including the underlying forecast, has been made after due and careful enquiry.

The purpose of this letter is solely for the compliance with Rule 14.62(3) of the Hong Kong Listing Rules. We, however, express no opinion in this letter on the actual results of the underlying forecast as the underlying forecast is based on certain hypothesis on future events.

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

APPENDIX II -- FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING HUAHONG AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING HUAHONG

A FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING HUAHONG

I. General Assumptions

1. it is assumed that the valuated entity will continue operating after the Valuation Reference Date;
2. it is assumed that there will be no material changes to the political, economic and social environment of the country and regions after the Valuation Reference Date;
3. it is assumed that there will be no material changes to the macro-economic policies, industrial policies or regional development policies in the country after the Valuation Reference Date;
4. it is assumed that, saved as the known changes, there will be no material changes to the interest rates, exchange rates, tax bases and tax rates, as well as policies charges in relation to the valuated entity after the Valuation Reference Date;
5. it is assumed that the management of the valuated entity will be responsible and stable, and have the capability to take on their duties after the Valuation Reference Date;
6. it is assumed that the valuated entity will comply with all related laws and regulations; and
7. it is assumed that there will be no material adverse impacts arising from force majeure after the Valuation Reference Date.

II. Special Assumptions

1. it is assumed that the valuated entity will adopt the fundamentally same accounting policies in the future with the ones adopted in preparing the valuation report after the Valuation Reference Date;
2. it is assumed that the valuated entity will maintain the existing business scope and mode on the basis of the present management mode and level after the Valuation Reference Date;
3. it is assumed that the valuated entity will have even cash outflow and cash inflow after the Valuation Reference Date; and
4. it is assumed that the construction projects will be completed on schedule and implemented as planned.

APPENDIX II -- FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING HUAHONG AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING HUAHONG

B LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING HUAHONG

I. Letter from the reporting accountant

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATION OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF SINOPHARM MEDICINE HOLDING BEIJING HUAHONG CO., LTD. TO THE BOARD OF DIRECTORS OF SINOPHARM GROUP CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the "Valuation") dated 25 July 2016 prepared by Beijing China Enterprise Appraisals Co., Ltd. in respect of the appraisal of the fair value of the 51% equity interests in Sinopharm Medicine Holding Beijing Huahong Co., Ltd. (the "Target Company") is based. The final assumptions of the Valuation is set out in Appendix II (A) to the announcement of Sinopharm Group Co., Ltd (the "Company") dated 23 September 2016 (the "Announcement") in connection with the disposal of 51% equity interest in the Target Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Appendix II (A) to the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Hong Kong Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are

APPENDIX II -- FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING HUAHONG AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING HUAHONG

concerned, has been properly compiled in accordance with the bases and assumptions as set out in the Appendix II (A) of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Hong Kong Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company as set out in the Appendix II (A) to the Announcement.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 September 2016

APPENDIX II -- FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING HUAHONG AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING HUAHONG

II. Letter from the Board



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)

23 September 2016

The Stock Exchange of Hong Kong Limited
11/F., One International Finance Centre,
1 Harbour View Street,
Central,
Hong Kong

Dear Sirs or Madams,

**THE PROPOSED DISPOSAL OF 51% EQUITY INTEREST
IN BEIJING HUAHONG**

We refer to the announcements of the Company dated 20 July 2016 and 23 September 2016 (the “**Announcements**”). Unless the context otherwise requires, terms defined in the Announcements shall have the same meanings in this letter when used herein.

We note that PricewaterhouseCoopers, the reporting accountant of the Company, has examined the arithmetical accuracy of the calculation of the discounted cash flow forecast in the Filed Valuation of Beijing Huahong prepared by Beijing China Enterprise Appraisal Co., Ltd. (北京中企華資產評估有限責任公司), the Independent Valuer, in relation to the valuation of 51% equity interest in Beijing Huahong. The Filed Valuation of Beijing Huahong is prepared based on discounted cash flows method and is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules.

We have discussed with the Independent Valuer the bases and assumptions in the Filed Valuation of Beijing Huahong upon which the underlying forecast has been made and have reviewed the Filed Valuation of Beijing Huahong. We have also considered the report from the PricewaterhouseCoopers regarding whether the discounted future estimated cash flow of the Beijing Huahong, so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with the respective bases and assumptions in the Filed Valuation of Beijing Huahong.

APPENDIX II -- FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING HUAHONG AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING HUAHONG

On the basis of the foregoing, we confirm that the Filed Valuation of Beijing Huahong, including the underlying forecast, has been made after due and careful enquiry.

The purpose of this letter is solely for the compliance with Rule 14.62(3) of the Hong Kong Listing Rules. We, however, express no opinion in this letter on the actual results of the underlying forecast as the underlying forecast is based on certain hypothesis on future events.

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

APPENDIX III -- FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING KANGCHEN AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING KANGCHEN

A. FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING KANGCHEN

I. General Assumptions

1. it is assumed that the valuated entity will continue operating after the Valuation Reference Date;
2. it is assumed that there will be no material changes to the political, economic and social environment of the country and regions after the Valuation Reference Date;
3. it is assumed that there will be no material changes to the macro-economic policies, industrial policies or regional development policies in the country after the Valuation Reference Date;
4. it is assumed that, saved as the known changes, there will be no material changes to the interest rates, exchange rates, tax bases and tax rates, as well as policies charges in relation to the valuated entity after the Valuation Reference Date;
5. it is assumed that the management of the valuated entity will be responsible and stable, and have the capability to take on their duties after the Valuation Reference Date;
6. it is assumed that the valuated entity will comply with all related laws and regulations; and
7. it is assumed that there will be no material adverse impacts arising from force majeure after the Valuation Reference Date.

II. Special Assumptions

1. it is assumed that the valuated entity will adopt the fundamentally same accounting policies in the future with the ones adopted in preparing the valuation report after the Valuation Reference Date;
2. it is assumed that the valuated entity will maintain the existing business scope and mode on the basis of the present management mode and level after the Valuation Reference Date;
3. it is assumed that the valuated entity will have even cash outflow and cash inflow after the Valuation Reference Date; and
4. it is assumed that the construction projects will be completed on schedule and implemented as planned.

APPENDIX III -- FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING KANGCHEN AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING KANGCHEN

B. LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING KANGCHEN

I. Letter from the reporting accountant

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATION OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF SINOPHARM HOLDING BEIJING KANGCHEN BIO-MEDICINE CO., LTD. TO THE BOARD OF DIRECTORS OF SINOPHARM GROUP CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the "Valuation") dated 25 July 2016 prepared by Beijing China Enterprise Appraisals Co., Ltd. in respect of the appraisal of the fair value of the 51% equity interests in Sinopharm Holding Beijing Kangchen Bio-medicine Co., Ltd. (the "Target Company") is based. The final assumptions of the Valuation is set out in Appendix III (A) to the announcement of Sinopharm Group Co., Ltd (the "Company") dated 23 September 2016 (the "Announcement") in connection with the disposal of 51% equity interest in the Target Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Appendix III (A) to the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Hong Kong Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out in the

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Appendix III (A) of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Hong Kong Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company as set out in the Appendix III (A) to the Announcement.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 September 2016

APPENDIX III -- FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING KANGCHEN AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING KANGCHEN

II. Letter from the Board



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 國藥控股股份有限公司)
(Stock Code: 01099)

23 September 2016

The Stock Exchange of Hong Kong Limited
11/F., One International Finance Centre,
1 Harbour View Street,
Central,
Hong Kong

Dear Sirs or Madams,

THE PROPOSED DISPOSAL OF 51% EQUITY INTEREST IN BEIJING KANGCHEN

We refer to the announcements of the Company dated 20 July 2016 and 23 September 2016 (the “**Announcements**”). Unless the context otherwise requires, terms defined in the Announcements shall have the same meanings in this letter when used herein.

We note that PricewaterhouseCoopers, the reporting accountant of the Company, has examined the arithmetical accuracy of the calculation of the discounted cash flow forecast in the Filed Valuation of Beijing Kangchen prepared by Beijing China Enterprise Appraisal Co., Ltd. (北京中企華資產評估有限責任公司), the Independent Valuer, in relation to the valuation of 51% equity interest in Beijing Kangchen. The Filed Valuation of Beijing Kangchen is prepared based on discounted cash flows method and is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules.

We have discussed with the Independent Valuer the bases and assumptions in the Filed Valuation of Beijing Kangchen upon which the underlying forecast has been made and have reviewed the Filed Valuation of Beijing Kangchen. We have also considered the report from the PricewaterhouseCoopers regarding whether the discounted future estimated cash flow of the Beijing Kangchen, so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with the respective bases and assumptions in the Filed Valuation of Beijing Kangchen.

APPENDIX III -- FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING KANGCHEN AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING KANGCHEN

On the basis of the foregoing, we confirm that the Filed Valuation of Beijing Kangchen, including the underlying forecast, has been made after due and careful enquiry.

The purpose of this letter is solely for the compliance with Rule 14.62(3) of the Hong Kong Listing Rules. We, however, express no opinion in this letter on the actual results of the underlying forecast as the underlying forecast is based on certain hypothesis on future events.

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

APPENDIX VI — FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING TIANXING AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING TIANXING

A. FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING TIANXING

I. General Assumptions

1. it is assumed that the valuated entity will continue operating after the Valuation Reference Date;
2. it is assumed that there will be no material changes to the political, economic and social environment of the country and regions after the Valuation Reference Date;
3. it is assumed that there will be no material changes to the macro-economic policies, industrial policies or regional development policies in the country after the Valuation Reference Date;
4. it is assumed that, saved as the known changes, there will be no material changes to the interest rates, exchange rates, tax bases and tax rates, as well as policies charges in relation to the valuated entity after the Valuation Reference Date;
5. it is assumed that the management of the valuated entity will be responsible and stable, and have the capability to take on their duties after the Valuation Reference Date;
6. it is assumed that the valuated entity will comply with all related laws and regulations; and
7. it is assumed that there will be no material adverse impacts arising from force majeure after the Valuation Reference Date.

II. Special Assumptions

1. it is assumed that the valuated entity will adopt the fundamentally same accounting policies in the future with the ones adopted in preparing the valuation report after the Valuation Reference Date;
2. it is assumed that the valuated entity will maintain the existing business scope and mode on the basis of the present management mode and level after the Valuation Reference Date; and
3. it is assumed that the valuated entity will have even cash outflow and cash inflow after the Valuation Reference Date.

APPENDIX VI — FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING TIANXING AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING TIANXING

B. LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING TIANXING

I. Letter from the reporting accountant

INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE CALCULATION OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF SINOPHARM HOLDING BEIJING TIANXINGPUXIN BIOMED CO., LTD. TO THE BOARD OF DIRECTORS OF SINOPHARM GROUP CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “Valuation”) dated 25 July 2016 prepared by Beijing China Enterprise Appraisals Co., Ltd. in respect of the appraisal of the fair value of the 51% equity interests in Sinopharm Holding Beijing Tianxingpuxin BioMed Co., Ltd. (the “Target Company”) is based. The final assumptions of the Valuation is set out in Appendix IV (A) to the announcement of Sinopharm Group Co., Ltd (the “Company”) dated 23 September 2016 (the “Announcement ”) in connection with the disposal of 51% equity interest in the Target Company by the Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”).

Directors’ Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in the Appendix IV (A) to the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Hong Kong Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

We conducted our work in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. This standard requires that we plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out in the

APPENDIX VI — FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING TIANXING AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING TIANXING

Appendix IV (A) of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Hong Kong Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by directors of the Company as set out in the Appendix IV (A) to the Announcement.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 September 2016

APPENDIX VI — FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING TIANXING AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING TIANXING

II. Letter from the Board



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 國藥控股股份有限公司)
(Stock Code: 01099)*

23 September 2016

The Stock Exchange of Hong Kong Limited
11/F., One International Finance Centre,
1 Harbour View Street,
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Dear Sirs or Madams,

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We refer to the announcements of the Company dated 20 July 2016 and 23 September 2016 (the “**Announcements**”). Unless the context otherwise requires, terms defined in the Announcements shall have the same meanings in this letter when used herein.

We note that PricewaterhouseCoopers, the reporting accountant of the Company, has examined the arithmetical accuracy of the calculation of the discounted cash flow forecast in the Filed Valuation of Beijing Tianxing prepared by Beijing China Enterprise Appraisal Co., Ltd. (北京中企華資產評估有限責任公司), the Independent Valuer, in relation to the valuation of 51% equity interest in Beijing Tianxing. The Filed Valuation of Beijing Tianxing is prepared based on discounted cash flows method and is regarded as a profit forecast under Rule 14.61 of the Hong Kong Listing Rules.

We have discussed with the Independent Valuer the bases and assumptions in the Filed Valuation of Beijing Tianxing upon which the underlying forecast has been made and have reviewed the Filed Valuation of Beijing Tianxing. We have also considered the report from the PricewaterhouseCoopers regarding whether the discounted future estimated cash flow of the Beijing Tianxing, so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with the respective bases and assumptions in the Filed Valuation of Beijing Tianxing.

APPENDIX VI — FINAL ASSUMPTIONS OF THE FILED VALUATION OF BEIJING TIANXING AND LETTERS OF COMFORT IN RELATION TO THE PROFIT FORECAST OF BEIJING TIANXING

On the basis of the foregoing, we confirm that the Filed Valuation of Beijing Tianxing, including the underlying forecast, has been made after due and careful enquiry.

The purpose of this letter is solely for the compliance with Rule 14.62(3) of the Hong Kong Listing Rules. We, however, express no opinion in this letter on the actual results of the underlying forecast as the underlying forecast is based on certain hypothesis on future events.

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