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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)

ANNOUNCEMENT PROPOSED CHANGE OF AUDITORS

This announcement is made by Sinopharm Group Co. Ltd. (the “**Company**”) pursuant to Rule 13.51(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

On 24 May 2016, the board of directors of the Company (the “**Board**”) resolved to propose the appointments of Ernst & Young and Ernst & Young Hua Ming LLP as the international auditor and the domestic auditor of the Company, respectively (the “**Proposed Change of Auditors**”). The Proposed Change of Auditors is subject to the approval of shareholders at the 2015 annual general meeting of the Company to be held on Thursday, 16 June 2016 (the “**2015 AGM**”). The term of service of each of Ernst & Young and Ernst & Young Hua Ming LLP is proposed to commence from the date of shareholders’ approval at the 2015 AGM up to the date of next annual general meeting of the Company. A supplemental circular containing, inter alia, further details of the Proposed Change of Auditors together with the supplemental notice convening the 2015 AGM will be despatched to the shareholders of the Company in due course.

PricewaterhouseCoopers, the current international auditor of the Company, and PricewaterhouseCoopers Zhong Tian LLP, the current domestic auditor of the Company, have been providing audit services to the Company for years and their term of service will expire at the 2015 AGM. The Company is regulated by the State-owned Assets Supervision and Administration Commission, and pursuant to the relevant requirements regarding the rotation of auditors issued by the State-owned Assets Supervision and Administration Commission, the Company decided to change its auditors as the service term of PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP have reached the prescribed limit. In this connection, according to the above-mentioned requirements and the procurement management requirements of the Company, the Company determined Ernst & Young and Ernst & Young Hua Ming LLP as the candidates of service providers through the bidding process.

PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP have confirmed that there were no matters regarding the Proposed Change of Auditors that need to be brought to the attention of the shareholders of the Company. The Board is not aware of any matter regarding the Proposed Change of Auditors that should be brought to the attention of the shareholders of the Company. The

Board and the audit committee of the Company confirmed that there were no disagreements or unresolved matters between the Company and PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP regarding the Proposed Change of Auditors.

The Board would like to take this opportunity to express its sincere gratitude to PricewaterhouseCoopers and PricewaterhouseCoopers Zhong Tian LLP for their professional services provided to the Company for the past years.

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

Shanghai, the PRC
24 May 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. Liu Hailiang and Mr. Lian Wanyong; 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."*