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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

INVESTIGATION AGAINST FORMER VICE PRESIDENT

This announcement is made pursuant to Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board of directors (the “**Board**”) of Sinopharm Group Co. Ltd. (the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) hereby announces that Mr. Shi Jinming (“**Mr. Shi**”), the former Vice President of the Company, was detained by the People’s Procuratorate of Shanghai Pudong New District of the People’s Republic of China (the “**PRC**”) in the evening of 10 January 2014 for an investigation in relation to an allegation of corruption against him (the “**Event**”). As known to the Company, Mr. Xu Yizhong, the former General Manager of Sinopharm Holding Distribution Co. Ltd. (a wholly-owned subsidiary of the Company), is also involved in the aforesaid investigation.

Mr. Shi rendered his letter of resignation to the Company on 29 December 2013 due to personal reasons, and has resigned from his position as the Vice President of the Company as well as other positions at the subsidiary level of the Company from 7 January 2014 as agreed by the Company.

The Company has made proper arrangement for the management personnel of the distribution business which was affected by the Event in the first time. Base on the information available to the Board, the Event has no material impact on the operation and business of the Group for the time being. The Company has also established a special committee led by the Chairman of the Board and the President of the Company to deal with all matters in relation to the Event, and to cooperate with the investigation of the prosecutorial authority if needed. The special committee will also conduct an examination and review of the Group’s internal control system and report its findings to the Board.

The Company will closely follow the progress of the Event and disclose the relevant information in accordance with the regulatory requirements in a timely manner to inform its shareholders and public investors of relevant updates.

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

Shanghai, the PRC
12 January 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 Part XI of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) under its Chinese name and the English name “Sinopharm Group Co. Ltd.”*