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)

CONNECTED TRANSACTION
DISPOSAL OF EQUITY INTERESTS IN CHINA NATIONAL MEDICINES GUORUI PHARMACEUTICAL CO., LTD.

The Board hereby announces that on 19 August 2026, the Company, CNPGC and Sinopharm (CNCM LTD) jointly entered into the Equity Transfer Agreement with SSPC, pursuant to which, (i) the Company agreed to dispose of 30.13% equity interest in the Target Company held by the Company to SSPC, at a consideration of RMB240.0731 million; (ii) Sinopharm (CNCM LTD) (a subsidiary of the Company) agreed to dispose of 12.06% equity interest in the Target Company held by it to SSPC, at a consideration of RMB96.0930 million; and (iii) CNPGC agreed to dispose of 8.81% equity interest in the Target Company held by it to SSPC, at a consideration of RMB70.1973 million. The total transfer consideration of aggregate 51% equity interest above is RMB406.3634 million.

Upon completion of the Equity Transfer, the Target Company will no longer be a consolidated subsidiary of the Company. The Company will no longer hold any direct equity interest in the Target Company.

CNPGC is the ultimate controlling shareholder of the Company, and also the actual controller of SSPC. Therefore, CNPGC and SSPC constitute connected persons (as defined in the Hong Kong Listing Rules) of the Company under the Listing Rules, respectively. As such, the transactions contemplated under the Equity Transfer Agreement constitute connected transactions of the Company under the Listing Rules.

* *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.".*

As Sinopharm (CNCM LTD) is a subsidiary of the Company, the transaction in relation to the transfer of 12.06% equity interest of the Target Company by Sinopharm (CNCM LTD) to SSPC is required to be aggregated with the transaction in relation to the transfer of 30.13% equity interest of the Target Company by the Company to SSPC pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated on an aggregate basis exceed 0.1% but are less than 5%, the transactions contemplated under the Equity Transfer Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. BACKGROUND

On 19 August 2026, the Company, CNPGC and Sinopharm (CNCM LTD) jointly entered into the Equity Transfer Agreement with SSPC, pursuant to which, (i) the Company agreed to dispose of 30.13% equity interest in the Target Company held by the Company to SSPC, at a consideration of RMB240.0731 million; (ii) Sinopharm (CNCM LTD) (a subsidiary of the Company) agreed to dispose of 12.06% equity interest in the Target Company held by it to SSPC, at a consideration of RMB96.0930 million; and (iii) CNPGC agreed to dispose of 8.81% equity interest in the Target Company held by it to SSPC, at a consideration of RMB70.1973 million. The total transfer consideration of aggregate 51% equity interest above is RMB406.3634 million.

Upon completion of the Equity Transfer, the Target Company will no longer be a consolidated subsidiary of the Company. The Company will no longer hold any direct equity interest in the Target Company.

II. EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below.

Date:	19 August 2026
Parties:	• CNPGC (as the transferor) • The Company (as the transferor) • Sinopharm (CNCM LTD) (as the transferor) • SSPC (as the transferee) • Guorui Pharmaceutical (the Target Company)
Target Equity:	An aggregate of 51% equity interest in the Target Company (corresponding to a registered capital of RMB246.3385 million) jointly held by the transferors, including: 30.13% equity interest held by the Company; 8.81% equity interest held by CNPGC; 12.06% equity interest held by Sinopharm (CNCM LTD).

Consideration:	The aggregate transfer consideration of the Target Equity is RMB406.3634 million, which is determined with reference to the appraised value of the total equity interest of the Target Company's shareholders as at 31 May 2026 (i.e. the Valuation Reference Date) of RMB796.7909 million as set out in the valuation report issued by the Valuer using the asset-based approach and based on the respective shareholding percentages of the parties. Among which: • The transfer consideration of 30.13% equity interest held by the Company is RMB240.0731 million; • The transfer consideration of 8.81% equity interest held by CNPGC is RMB70.1973 million; • The transfer consideration of 12.06% equity interest held by Sinopharm (CNCM LTD) is RMB96.0930 million. For details of valuation, please refer to "IV. DETAILS OF VALUATION" below.
Payment Arrangement:	SSPC shall pay the consideration of the Equity Transfer in two installments: • First installment: 40% of the total transfer consideration shall be paid within 5 business days from the date of signing of the Equity Transfer Agreement; • Second installment: the remaining 60% of the total transfer consideration shall be paid within 5 business days from the closing date.
Closing Arrangement:	The date when the industrial and commercial change registration has been completed and the Target Company has received a new business license, or the foregoing conditions are waived by SSPC, shall be the closing date.
Arrangements during the Transitional Period:	The transitional period shall commence from the Valuation Reference Date (i.e. 31 May 2026) and end on the closing date. The operating profits and losses during the transitional period shall be attributable to and borne by the shareholders of the Target Company upon completion of the Equity Transfer (being Sinopharm (CNCM LTD) and SSPC) based on their respective shareholding percentage after transfer.

Conditions Precedent:	Prior to completion of the industrial and commercial change registration in respect of the Equity Transfer, the following conditions shall be satisfied: (1) the Target Company has obtained the resolution of its shareholders' meeting approving the Equity Transfer; (2) the transferors and the transferee have fulfilled their respective information disclosure obligations in accordance with the applicable requirements under the Listing Rules; (3) the property right registration of state-owned assets in respect of the Equity Transfer has been completed; and (4) the first installment as agreed in the Equity Transfer Agreement has been settled.
Liability for Default:	If either party impedes, delays or fails to reasonably facilitate the completion of the industrial and commercial change registration and the closing, the defaulting party shall pay liquidated damages equivalent to 0.03% of the consideration of the Equity Transfer to the non-defaulting party for each day of delay. If either party fails to pay (or refund) any amount in full and on time, the defaulting party shall pay liquidated damages equivalent to 0.03% of the overdue amount to the non-defaulting party for each day of delay.
Compensation for Contingent Matters:	If losses in excess of RMB1 million are incurred by the Target Company as a result of undisclosed implicit liabilities or contingent liabilities that existed prior to the reference date of the audit report, the transferors shall bear compensation liability to the transferee in proportion to their aggregate 51% equity interest, up to the amount of the transfer consideration actually received by each transferor. The transferee shall make such claim within five years from the closing date.
Effectiveness and Termination:	The Equity Transfer Agreement shall take effect immediately upon execution by all parties. The parties may terminate the Equity Transfer Agreement by mutual agreement of the parties, or if the closing has not been completed within 180 days from the effective date of such agreement.

III. INFORMATION ON THE TARGET COMPANY

The Target Company was established on 5 August 1998 with a registered capital of RMB483.0167 million, which is a national high-tech enterprise. It is mainly engaged in the research and development, production and sales of chemical drugs, with products covering five major areas, including anti-infection, cardiovascular and cerebrovascular, narcotics and psychotropic substances, respiratory system and oncology.

Prior to the Equity Transfer, the Target Company was a subsidiary of the Company. The Company held an aggregate of approximately 91.19% equity interest in the Target Company through its direct shareholding of 30.13% and its shareholding of 61.06% through Sinopharm (CNCM LTD), a subsidiary of the Company. Upon completion of the Equity Transfer, the Target Company will be held as to 49.00% and 51.00% by Sinopharm (CNCM LTD) and SSPC, respectively. The Target Company will no longer be a consolidated subsidiary of the Company and the Company will no longer hold any direct equity interest in the Target Company.

The audited total assets and net assets of the Target Company as at 31 May 2026 were RMB1,444.7042 million and RMB717.0628 million, respectively. The audited major financial information of the Target Company for the years ended 31 December 2024 and 31 December 2025 is set out below:

	For the year ended 31 December 2024 *(RMB million)*	**For the year ended 31 December 2025** *(RMB million)*
Total assets	1,677.41	1,635.73
Net assets	1,276.42	840.66
Operating income	469.90	415.07
Profit/(loss) before tax	34.33	(58.26)
Profit/(loss) after tax	32.27	(45.29)

IV. DETAILS OF VALUATION

The Valuer conducted a valuation on the market value of the total equity interest of the Target Company's shareholders as at 31 May 2026 (i.e. the Valuation Reference Date), with the valuation scope covering the entire assets and related liabilities of the Target Company. With respect to the valuation, the Valuer considered various valuation approaches, including the asset-based approach, the income approach and the market approach. For the market approach, considering the insufficient number of listed companies comparable with the Target Company in the same industry in China's capital market, the limited availability of market transaction cases in the same industry, and inadequate disclosure of information, the Valuer is of the view that the market approach is not applicable to the valuation. For the income approach, its valuation result is largely dependent on the future profitability of the Target Company, which is subject to certain uncertainties due to the impact of the centralized procurement policies in the industry and market changes on the Target Company's major products in recent years. Therefore, the cash flow projections under the income approach involve a significant degree of subjectivity. In contrast, the asset-based approach reflects the fair market value of the assets from the perspective of asset replacement. The Valuer has conducted sufficient verification and assessment of the assets and liabilities of the Target Company, and is of the view that the valuation result under this approach is more reliable. After considering the advantages and disadvantages of the above three approaches, the Valuer ultimately adopted the valuation result under the asset-based approach as the basis for determining the consideration for the transaction.

The Valuer, Vocation (Beijing) International Assets Appraisal Co., Ltd., is an independent qualified asset valuer in the PRC and holds assets appraisal qualification issued by the Ministry of Finance of the PRC. As confirmed by the Board, the Valuer is independent of the Company, CNPGC, Sinopharm (CNCM LTD) and SSPC, and has no interest in, or relationship with, any of the parties and the Target Company.

The scope of the valuation covers all assets and relevant liabilities involved in the economic behavior and declared by China National Medicines Guorui Pharmaceutical Co., Ltd. on the Valuation Reference Date. The valuation has the following principal limitations: (i) the Valuer did not conduct technical testing on the technical parameters and performance of the various equipment as at the Valuation Reference Date, that is, on the premise that the relevant technical information and operating records provided by the Target Company were true and valid, the Valuer made judgments by obtaining information from equipment management personnel and operation personnel regarding the usage of the equipment and conducting on-site inspections; (ii) the Valuer also did not conduct technical testing on the concealed works and internal structures of the various buildings and structures (i.e. the parts that are not visible to the naked eyes), that is, on the premise that the relevant engineering information provided by the Target Company was true and valid, the Valuer made judgments based on on-site inspections without using any testing instruments; and (iii) the valuation made use of the audit report of the Target Company as the basis for financial data. Save for the foregoing, the Valuer confirmed that the Valuation was not subject to any other material limitations.

According to the valuation report, as at the Valuation Reference Date, the carrying amount of the net assets of the Target Company was approximately RMB717.0628 million, and the appraised value of its net assets was approximately RMB796.7909 million, representing an increase of approximately RMB79.7281 million or approximately 11.12%. Such difference was primarily attributable to the combined effect of an aggregate increase in total assets of approximately RMB59.0667 million and an aggregate decrease in total liabilities of approximately RMB20.6614 million.

The increase in total assets was mainly attributable to: (i) an increase in fixed assets of approximately RMB39.4156 million, primarily due to the early construction dates of the buildings and equipment, the increase in replacement costs and the fact that the economic useful lives adopted in the valuation were longer than the book depreciation periods; (ii) a net increase in intangible assets of approximately RMB17.5813 million, mainly reflecting the appreciation of assets such as land use rights and certain drug pipelines as a result of reflecting their objective market value as at the Valuation Reference Date, net of impairment of approximately RMB25.3735 million for intangible assets related to certain drug varieties arising from renewal of the national centralized procurement policy; and (iii) an increase in current assets of approximately RMB6.2344 million, primarily reflecting the appreciation of inventories after being re-measured at market selling prices. With respect to the decrease in total liabilities, non-current liabilities decreased by approximately RMB20.6614 million or approximately 78.55%, which was mainly due to the fact that the deferred income arising from government grants, including equipment subsidies and R&D subsidies for certain projects of the Target Company that had been accepted or were not subject to acceptance, did not, in substance, have any payment obligation and the Valuer only considered the corporate income tax payable upon revenue recognition as the valuation basis, resulting in a significant decrease.

In respect of the above factors, the major valuation approaches and key parameters adopted by the Valuer are as follows:

(i) With respect to fixed assets (buildings and equipment), the Valuer determined the appraised value based on current replacement costs required for re-purchase or construction of relevant assets as at the Valuation Reference Date and after comprehensive consideration of several factors such as physical, functional and economic devaluation.

(ii) With respect to the land use right in intangible assets, the Valuer determined the appraised value with reference to the comparable transaction cases of the similar industrial land in adjacent areas as at the Valuation Reference Date and after making appropriate corrections on transaction conditions, the level of land price, regional factors and individual factors, etc..

(iii) With respect to drug pipelines in intangible assets, in light of its relatively bright market prospects and foreseeable future earnings, the Valuer determined the appraised value by estimating the contribution of the relevant intangible assets to the future cash flows generated by the products of the Target Company, and discounting the contribution amount of each year to the present value as at the Valuation Reference Date using an appropriate discount rate, and aggregating such present values.

The primary information relied upon in the valuation was sourced from (i) historical annual financial data which was derived from the audit report; (ii) financial information, ownership information and operation and management information provided by the management of the Target Company, which is necessary for the valuation; and (iii) market information collected by the Valuer, including the Regulations on Compulsory Scrap Standard for Motor Vehicles issued by national departments, the Handbook of Commonly Used Data and Parameters for Asset Appraisal, the current deposit and lending benchmark rates published by the People's Bank of China as at the Valuation Reference Date, and relevant market data from iFinD Financial Database.

In light of the above and after full consideration of valuation approaches, assumptions, the scope of work and data sources adopted by the Valuer, the Board is of the view that the approaches and assumptions adopted for the valuation are appropriate, and the valuation results serve as a fair and reasonable basis of reference for the consideration for the Equity Transfer.

V. FINANCIAL EFFECT OF THE EQUITY TRANSFER

Upon the completion of the Equity Transfer, the Target Company will cease to be a subsidiary of the Group. Therefore, the financial results, assets and liabilities of the Target Company will no longer be consolidated to the financial statements of the Group.

Based on the information available to the Company, the Directors estimate that the gains or losses expected to be recorded by the Group (i.e. the Company and its subsidiaries) in respect of the Equity Transfer shall be calculated on an aggregated basis after comprehensive consideration of the following three components:

(1) The difference between the consideration of RMB240.0731 million for disposal of 30.13% equity interest of the Target Company by the Company and the audited net book value of the Target Company attributable to the Company;

(2) The difference between the consideration of RMB96.0930 million for disposal of 12.06% equity interest of the Target Company by Sinopharm (CNCM LTD), a subsidiary of the Company, and the audited net book value of the Target Company attributable to Sinopharm (CNCM LTD); and

(3) As the shareholding percentage of Sinopharm (CNCM LTD) in the Target Company will reduce to 49.00% from 61.06% upon the completion of the transaction, the Target Company will cease to be a subsidiary of the Group. According to the applicable accounting standards, the Group is required to re-measure the remaining 49.00% equity interest in the Target Company held by Sinopharm (CNCM LTD) at fair value. Gains or losses arising from the re-measurement shall also be included in the expected consolidated gains/losses of the Group.

Based on the above factors and the audited net assets of the Target Company of RMB717.0628 million as at the Valuation Reference Date (i.e. 31 May 2026), it is preliminarily estimated that the Group will record a gain of RMB45 million in respect of the disposal in the statement of profit or loss. The actual gains or losses shall be determined based on the final book value as at the closing date.

The proceeds from the disposal are intended to be used to replenish the working capital of the Group.

VI. REASONS FOR AND BENEFIT OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

Upon the completion of the transaction, Guorui Pharmaceutical will become a controlled subsidiary of SSPC, which will facilitate the elimination of horizontal competition, optimize the asset structure and internal resource allocation within the Group, promote the integration and coordinated development of the pharmaceutical manufacturing segment, which is in line with the overall development strategy of the Group and is in the interests of the Company and its shareholders as a whole.

The Directors (including all independent non-executive Directors) are of the view that the Equity Transfer Agreement is conducted on normal commercial terms, and the terms and conditions are fair and reasonable. The Equity Transfer Agreement, though not entered into in the ordinary course of business of the Company, is in the interests of the Company and its shareholders as a whole.

Mr. Jin Bin, Mr. Zu Jing, Mr. Xing Yonggang and Mr. Ma Yue are directors or senior management of CNPGC or SSPC, and therefore are deemed to have material interests in the transaction, and have abstained from voting on the relevant resolution at the Board meeting. Except for the Directors mentioned above, none of other Directors has a material interest in the Equity Transfer Agreement.

VII. HONG KONG LISTING RULES IMPLICATIONS

CNPGC is the ultimate controlling shareholder of the Company, and also the actual controller of SSPC. Therefore, CNPGC and SSPC constitute connected persons (as defined in the Hong Kong Listing Rules) of the Company under the Listing Rules, respectively. As such, the transactions contemplated under the Equity Transfer Agreement constitute connected transactions of the Company under the Listing Rules.

As Sinopharm (CNCM LTD) is a subsidiary of the Company, the transaction in relation to the transfer of 12.06% equity interest of the Target Company by Sinopharm (CNCM LTD) to SSPC is required to be aggregated with the transaction in relation to the transfer of 30.13% equity interest of the Target Company by the Company to SSPC pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated on an aggregate basis exceed 0.1% but are less than 5%, the transactions contemplated under the Equity Transfer Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, there is no other connected transaction entered into between any member of the Group and CNPGC or its subsidiaries or associates or other related parties, which would be aggregated together with the transactions contemplated under the Equity Transfer Agreement, under Rule 14A.25 of the Listing Rules.

VIII. GENERAL INFORMATION OF THE PARTIES

The Company and the Group

The Company is principally engaged in the distribution and retail of pharmaceutical, medical devices and healthcare products. The principal business of the Group includes distribution of pharmaceutical, medical devices and healthcare products, operation of retail pharmacies and manufacturing of chemical reagents and laboratory supplies.

SSPC

Shanghai Shyndec Pharmaceutical Co., Ltd. (上海現代製藥股份有限公司), whose A shares are listed on the Shanghai Stock Exchange (stock code: 600420), is principally engaged in the research and development, production and sales of pharmaceutical products. SSPC is de facto controlled by CNPGC and is a subsidiary of CNPGC. Both of SSPC and CNPGC, are connected persons of the Company.

CNPGC

China National Pharmaceutical Group Corporation (中國醫藥集團有限公司) is a state wholly-owned enterprise incorporated in the PRC and the ultimate controlling shareholder of the Company. It is principally engaged in the research and development of pharmaceutical products, industrial manufacturing, logistics and distribution, retail chains, medical health, engineering technology, professional exhibition, international operation business, financial investment and other businesses.

Sinopharm (CNCM LTD)

China National Medicines Corporation Ltd. (國藥集團藥業股份有限公司), which is principally engaged in distribution and logistics of pharmaceutical products and medical devices, is a subsidiary of CNPGC.

Target Company

Please refer to the above section headed "III. INFORMATION ON THE TARGET COMPANY" for details.

IX. DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meanings ascribed to them below:

"Company"	Sinopharm Group Co. Ltd., (國藥控股股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, whose H shares are listed and traded on the Hong Kong Stock Exchange
"Director(s)"	the director(s) of the Company
"Board"	the board of directors of the Company
"Group"	the Company and its subsidiaries
"PRC"	the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan Province
"CNPGC"	China National Pharmaceutical Group Corporation (中國醫藥集團有限公司), a state wholly-owned enterprise incorporated in the PRC and the ultimate controlling shareholder of the Company
"Sinopharm (CNCM LTD)"	China National Medicines Corporation Ltd. (國藥集團藥業股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability and a subsidiary of CNPGC
"SSPC"	Shanghai Shyndec Pharmaceutical Co., Ltd. (上海現代製藥股份有限公司), whose A shares are listed on the Shanghai Stock Exchange (stock code: 600420) and a subsidiary of CNPGC
"Target Company" or "Guorui Pharmaceutical"	China National Medicines Guorui Pharmaceutical Co., Ltd., a company incorporated under the laws of the PRC with limited liability and a subsidiary of the Company prior to the Equity Transfer

"Equity Transfer Agreement"	the Equity Transfer Agreement on Transfer of 51% Equity Interest in China National Medicines Guorui Pharmaceutical Co., Ltd. jointly signed by the Company, Sinopharm (CNCM LTD), CNPGC, SSPC and the Target Company on 19 August 2026
"Equity Transfer"	the transaction in relation to the transfer by the Company, Sinopharm (CNCM LTD), and CNPGC of the 51% equity interest in the Target Company jointly held them to SSPC
"controlling shareholder"	as defined in the Hong Kong Listing Rules
"connected person(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"associate(s)"	has the meaning ascribed to it under the Hong Kong Listing Rules
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"RMB"	Renminbi, the lawful currency of the PRC
"Valuer"	Vocation (Beijing) International Assets Appraisal Co., Ltd., an independent qualified asset appraisal agency in the PRC and appointed as the independent valuer by Sinopharm (CNCM LTD)
"%"	per cent.

By order of the Board
Sinopharm Group Co. Ltd.
Jin Bin
Chairman

Shanghai, the PRC
19 August 2026

As at the date of this announcement, the executive Directors are Mr. Lian Wanyong and Mr. Yang Binghua; the non-executive Directors are Mr. Jin Bin, Mr. Chen Qiyu, Mr. Zu Jing, Mr. Xing Yonggang, Mr. Ma Yue, Mr. Chen Yuqing, Mr. Wen Deyong and Ms. Li Ying; and the independent non-executive Directors are Mr. Li Peiyu, Mr. Wu Tak Lung, Mr. Yu Weifeng, Mr. Shi Shenghao and Mr. Chen Weiru.