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**上海醫藥集團股份有限公司**

**Shanghai Pharmaceuticals Holding Co., Ltd.\***

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 02607)**

**CONNECTED TRANSACTION  
PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

**PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

The Board announces that, on 11 May 2021, the Board approved, among other things, the Proposed Non-public Issuance of A Shares, and the Company entered into the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement with each of Shanghai Tandong and Yunnan Baiyao, respectively, pursuant to which, the Company will, subject to the fulfillment of the conditions precedent as disclosed below, issue a maximum of 187,000,000 and 665,626,796 A Shares, representing no more than 30% of the total number of Shares in issue prior to the Proposed Non-public Issuance of A Shares, to Shanghai Tandong and Yunnan Baiyao, respectively, at the Issue Price of RMB16.87 per A Share. The proceeds from the Proposed Non-public Issuance of A Shares are expected to be no more than RMB14,383,814,048.52. The Proposed Non-public Issuance of A Shares is subject to, among others, the approvals from (i) competent state-owned assets supervision and administration authorities, (ii) Shareholders at the GM, A Share Class Meeting and H Share Class Meeting, respectively, (iii) the board meeting and general meeting of Yunnan Baiyao, and (iv) the CSRC.

**IMPLICATIONS UNDER THE LISTING RULES**

As of the date of this announcement, Shanghai Tandong, one of the Subscribers, is a wholly-owned subsidiary of Shanghai Shangshi, a controlling shareholder of the Company, and therefore Shanghai Tandong constitutes a connected person of the Company under Rule 14A.07 of the Listing Rules. As such, according to Chapter 14A of the Listing Rules, the transaction contemplated under the Shanghai Tandong Subscription Agreement constitutes a connected transaction of the Company and is subject to the reporting, annual review and announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For the Proposed Non-public Issuance of A Shares, a specific mandate shall be sought from the Shareholders as required under Rule 13.36 of the Listing Rules, as modified by Chapter 19A of the Listing Rules.

## **GM AND CLASS MEETINGS**

The Company will convene the GM, A Share Class Meeting and H Share Class Meeting for considering and, if thought fit, approving, among other things, (i) the Proposed Non-public Issuance of A Shares, (ii) the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement and other related resolutions. A circular containing, among other things, the details of (i) the Proposed Non-public Issuance of A Shares, (ii) the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement and other related resolutions, together with the notice of GM, A Share Class Meeting and H Share Class Meeting is expected to be dispatched to the Shareholders in due course.

**As the Proposed Non-public Issuance of A Shares is subject to approvals and will only be completed after certain conditions are fulfilled, the Proposed Non-public Issuance of A Shares may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **I. PROPOSED NON-PUBLIC ISSUANCE OF A SHARES**

The Board announces that, on 11 May 2021, the Board approved, among other things, the Proposed Non-public Issuance of A Shares, and the Company entered into the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement with each of Shanghai Tandong and Yunnan Baiyao, respectively, pursuant to which, the Company will, subject to the fulfillment of the conditions precedent as disclosed below, issue a maximum of 187,000,000 and 665,626,796 A Shares, representing no more than 30% of the total number of Shares in issue prior to the Proposed Non-public Issuance of A Shares, to Shanghai Tandong and Yunnan Baiyao, respectively, at the Issue Price of RMB16.87 per A Share. The proceeds from the Proposed Non-public Issuance of A Shares are expected to be no more than RMB14,383,814,048.52. The Proposed Non-public Issuance of A Shares is subject to, among others, the approvals from (i) competent state-owned assets supervision and administration authorities, (ii) Shareholders at the GM, A Share Class Meeting and H Share Class Meeting, respectively, (iii) the board meeting and general meeting of Yunnan Baiyao, and (iv) the CSRC.

### **1. Summary of Major Terms of the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement**

#### **(1) Class and Nominal Value of the Shares**

The A Shares to be issued pursuant to the Proposed Non-public Issuance of A Shares are domestic listed RMB ordinary shares (A Shares) with the nominal value of RMB1.00 each.

#### **(2) Method and Time of Issuance**

The Proposed Non-public Issuance of A Shares shall be conducted by way of non-public issuance of A Shares to specific subscribers. The Company will proceed in due course during the validity period of the relevant CSRC approval on the Proposed Non-public Issuance of A Shares.

#### **(3) Subscription Method**

All Subscribers shall subscribe in cash for the A Shares to be issued pursuant to the Proposed Non-public Issuance of A Shares.

#### **(4) Issue Price and Pricing Principles**

The Price Benchmark Date of the Proposed Non-public Issuance of A Shares shall be the date of the announcement of relevant Board resolutions, i.e. 12 May 2021. The average trading price of A Shares over the 20 trading days prior to the Price Benchmark Date is RMB21.08 per A Share.

The Issue Price is RMB16.87 per A Share, being 80% of the average trading price of A Shares over the 20 trading days prior to the Price Benchmark Date. If the Issue Price is lower than the Company's audited net assets per Share attributable to the parent company of the most recent period prior to the Proposed Non-public Issuance of A Shares, then the Issue Price will be adjusted to the Company's audited net assets per Share attributable to the parent company of the most recent period prior to the Proposed Non-public Issuance of A Shares. The final number of Shares subscribed by the Subscribers will be reduced in accordance with the percentage of the original number of Shares to be subscribed by the Subscribers to the original total number of Shares to be issued pursuant to the Proposed Non-public Issuance of A Shares.

During the period from the Price Benchmark Date to the Issuance Date, in the event of ex-entitlement and ex-dividend activities such as dividend distribution, bonus issue or conversion of capital reserve into share capital, the Issue Price shall be adjusted in accordance with the formula as follows:

Dividend Distribution:  $P_1 = P_0 - D$

Bonus Issue or Conversion of Capital Reserve into Share Capital:  $P_1 = P_0 / (1 + N)$

Both at the Same Time:  $P_1 = (P_0 - D) / (1 + N)$

among which,  $P_0$  is the Issue Price prior to the adjustment,  $P_1$  is the Issue Price after the adjustment,  $D$  is the dividend distributed per Share, and  $N$  is the number of Shares as bonus or converted from capital reserve per Share.

If the relevant laws, regulations and regulatory documents or the CSRC's regulatory policies on the non-public issuance of A Shares have other different requirements on the Issue Price, pricing method, etc., then the Proposed Non-public Issuance of A Shares will be implemented in accordance with these requirements.

#### **(5) Method of Payment and Payment Period**

Within ten business days from the date when the Proposed Non-public Issuance of A Shares is approved by the general meeting of the Company, Shanghai Tandong shall pay a subscription deposit of RMB30 million to the Company's designated bank account. Within ten business days from the date when the Proposed Non-public Issuance of A Shares is approved by the Board and the general meeting of Yunnan Baiyao, Yunnan Baiyao shall pay a subscription deposit of RMB100 million to the Company's designated bank account.

After the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement come into effective, each of Shanghai Tandong and Yunnan Baiyao shall, within ten business days since the issuance of the written subscription payment notice, remit the subscription funds in full to the specific bank account for the Proposed Non-public Issuance of A Shares. The balance after the completion of capital verification by an accounting firm engaged by the Company and the deduction of related issuance expenses will be remitted to the designated deposit account for proceeds opened by the Company.

Within ten business days after the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription

Agreement come into effect and each of Shanghai Tandong and Yunnan Baiyao have made the subscription payment in full in accordance with the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement, respectively, the Company shall return the subscription deposit paid by each of Shanghai Tandong and Yunnan Baiyao and the interests accrued to their respective designated bank account.

#### **(6) Number of Shares to be Issued and the Subscribers**

The number of A Shares to be issued under the Proposed Non-public Issuance of A Shares shall be no more than 852,626,796, representing no more than 30% of the total number of the Shares in issue prior to the Proposed Non-public Issuance of A Shares. During the period from the Price Benchmark Date to the Issuance Date, in the event of ex-entitlement activities such as bonus issue, conversion of capital reserve into share capital, etc., the number of A Shares to be issued pursuant to the Proposed Non-public Issuance of A Shares shall be adjusted accordingly. The final number of Shares to be issued pursuant to the Proposed Non-public Issuance of A Shares is subject to the number of Shares approved by the CSRC.

The Proposed Non-public Issuance of A Shares has two subscribers, i.e. Shanghai Tandong and Yunnan Baiyao. Pursuant to the Shanghai Tandong Subscription Agreement and Yunnan Baiyao Subscription Agreement, details of subscription of each subscribers are as follows:

<b>No.</b>	<b>Subscriber</b>	<b>Maximum Number of Shares of the Proposed Subscription (A Shares)</b>	<b>Maximum Amount of the Proposed Subscription (RMB)</b>
1	Shanghai Tandong	187,000,000	3,154,690,000.00
2	Yunnan Baiyao	665,626,796	11,229,124,048.52
	<b>Total</b>	<b>852,626,796</b>	<b>14,383,814,048.52</b>

#### **(7) Lock-up Period**

A Shares to be subscribed by Shanghai Tandong and Yunnan Baiyao pursuant to the Proposed Non-public Issuance of A Shares shall be subject to a lock-up period of 36 months from the date of completion of the Proposed Non-public Issuance of A Shares. Any additional Shares to be acquired by the Subscribers after the completion of the Proposed Non-public Issuance of A Shares due to bonus issue, conversion of capital reserve into share capital, etc. shall also be subject to the lock-up arrangement mentioned above.

If the CSRC and the SSE have other requirements for the lock-up period for the Proposed Non-public Issuance of A Shares, the Subscribers will adjust the lock-up period in accordance with such requirements.

#### **(8) Place of Listing**

The A Shares to be issued pursuant to the Proposed Non-public Issuance of A Shares shall be listed for trading on the SSE.

#### **(9) Arrangement for the Accumulated Undistributed Profits of the Company Prior to the Proposed Non-public Issuance of A Shares**

The accumulated undistributed profits of the Company prior to the Proposed Non-public Issuance of A Shares will be

shared by the Shareholders after the completion of the Proposed Non-public Issuance of A Shares on a *pro rata* basis according to their respective shareholding in the Company.

## **(10) Conditions Precedent**

The Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement will be executed after being signed by the legal representatives or authorized representatives of relevant parties and affixed with the official seal, and they will become effective on the date when all the following conditions are fulfilled:

- (a) The Board approves the Proposed Non-public Issuance of A Shares and the Shanghai Tandong Subscription Agreement / the Yunnan Baiyao Subscription Agreement;
- (b) The board of directors and shareholder(s) of Shanghai Tandong / Yunnan Baiyao (as the case may be) approve(s) Shanghai Tandong / Yunnan Baiyao to subscribe for the Shares to be issued pursuant to the Proposed Non-public Issuance of A Shares and/or the Shanghai Tandong Subscription Agreement / the Yunnan Baiyao Subscription Agreement;
- (c) The Proposed Non-public Issuance of A Shares is approved by the state-owned assets management authorities or approved by authorized state-funded enterprises;
- (d) The general meeting of Shareholders of the Company approves the Proposed Non-public Issuance of A Shares and the Shanghai Tandong Subscription Agreement / the Yunnan Baiyao Subscription Agreement; and
- (e) The Proposed Non-public Issuance of A Shares is approved by the CSRC.

## **2. Strategic Cooperation Agreement with Yunnan Baiyao**

In addition to entering into the Yunnan Baiyao Subscription Agreement with Yunnan Baiyao, in order to build long-term and stable business development and capital cooperation relationship and fully function the synergy effect between Yunnan Baiyao and the Company, on 11 May 2021, the Company entered into the Strategic Cooperation Agreement with Yunnan Baiyao, pursuant to which, the Company and Yunnan Baiyao will carry out strategic cooperation in various business fields such as customer resource expansion, product innovation, traditional Chinese medicine industry chain, and general health.

Pursuant to the Strategic Cooperation Agreement, Yunnan Baiyao will, subject to applicable laws and regulations and the articles of association of the Company, be entitled to nominate a candidate each as an executive Director, a non-executive Director and a supervisor. Such candidates will be appointed as an executive Director, a non-executive Director or a supervisor (as the case may be) of the Company after necessary approval procedures within the Company. Pursuant to the Strategic Cooperation Agreement, the Company shall distribute profit in cash of no less than 40% of the distributable profit each year to the Shareholders if feasible after the completion of the Proposed Non-public Issuance of A Shares.

The term of the Strategic Cooperation Agreement will be three years commencing from the effective date of the Strategic Cooperation Agreement, which can be extended after mutual agreement upon its expiration.

## **3. Effect of the Proposed Non-public Issuance of A Shares on the Shareholding Structure of the Company**

As of the date of this announcement, the total number of issued Shares of the Company is 2,842,089,322 Shares, including 919,072,704 H Shares and 1,923,016,618 A Shares. The shareholding structures of the

Company (i) as of the date of this announcement; and (ii) immediately after completion of the Proposed Non-public Issuance of A Shares (assuming that (a) 852,626,796 A Shares in total are issued under the Proposed Non-public Issuance of A Shares; and (b) there is no other changes in the current shareholding structure of the Company upon the completion of the Proposed Non-public Issuance of A Shares) are as follows:

	Number of the Shares held as of the date of this announcement		Number of the Shares held immediately after the completion of the Proposed Non-public Issuance of A Shares	
	Number of Shares	Percentage of the total Shares in issue of the Company (Note 2)	Number of Shares	Percentage of the total Shares in issue of the Company (Note 2)
<b>SIIC</b> <i>(Note 1)</i>	1,039,999,537	36.59%	1,226,999,537	33.21%
Shanghai Tandong	-	-	187,000,000	5.06%
Others	1,039,999,537	36.59%	1,039,999,537	28.15%
<b>Yunnan Baiyao</b>	-	-	665,626,796	18.02%
<b>Other Public H Shareholders</b>	817,891,004	28.78%	817,891,004	22.14%
<b>Other A Shareholders</b>	984,198,781	34.63%	984,198,781	26.64%
<b>Total</b>	<b>2,842,089,322</b>	<b>100.00%</b>	<b>3,694,716,118</b>	<b>100.00%</b>

*Note 1: SIIC is a controlling shareholder of the Company. As of the date of this announcement, SIIC directly and indirectly holds a total of 1,039,999,537 Shares of the Company, including 938,817,837 A shares and 101,181,700 H Shares.*

*Note 2: The aggregate of the percentage figures in the table above may not add up to the relevant total percentage figures shown due to rounding of the percentage figures to two decimal places.*

After the completion of the Proposed Non-public Issuance of A Shares, the *de facto* controller of the Company remains to be Shanghai State-owned Assets Supervision and Administration Commission.

#### **4. Fund Raising Activities within the Past 12 Months**

The Company did not conduct any fund-raising activities involving the issue of equity securities within 12 months immediately prior to the date of this announcement.

#### **5. Validity Period of the Resolutions**

The resolutions in relation to the Proposed Non-public Issuance of A Shares shall remain valid for 12 months from the date on which the relevant resolutions are passed at the GM.

## **6. Amount and Use of Proceeds**

The total proceeds from the Proposed Non-public Issuance of A Shares shall be no more than RMB14,383,814,048.52, and the net proceeds after deducting issuance expenses shall be used for the replenishment of working capital and repayment of debt of the Company, among which, RMB3,000 million will be used for repayment of debt of the Company and the rest will be used for the replenishment of working capital of the Company.

## **7. Reasons for and Benefits of Proposed Non-public Issuance of A Shares**

In the era of great changes in the pharmaceutical industry, the Company deeply realizes that in the face of new challenges and opportunities, only through continuous innovation can the Company gain vitality and achieve development in the great changes of the industry. In the pharmaceutical industry field, the Company has set the strategic goal of transforming from an ordinary generic pharmaceutical company to a research and development-oriented pharmaceutical company driven by technological innovation. In the pharmaceutical business field, the Company has established a strategic goal of transforming from a pharmaceutical supply chain service company to China's leading modern health service providers driven by services and technologies and continuing to promote the transformation and development measures centered on technological innovation.

The Proposed Non-public Issuance of A Shares will enhance the Company's capital strength, which will help the Company further increase its research and development investment, improve the Company's industrial sector research and development, manufacturing, and marketing management centers, promote the consistency evaluation of generic drugs, and strengthen international cooperation, continue to promote cooperation with scientific research institutes, universities, and hospitals, jointly build innovation platforms, translational medicine alliances, and multiple innovative technology companies or characteristic platforms, continue to expand the field of new indications, improve the existing research and development system, and maintain the leading position of the Company in the pharmaceutical industry. On the other hand, the funds raised from the Proposed Non-public Issuance of A Shares are intended to be used to supplement working capital and repay the Company's debts, which will provide a strong guarantee for the Company to further expand its business scale, improve operational efficiency, and consolidate its leading position in the pharmaceutical business industry, which will help the Company actively respond to the differentiation of the competitive landscape of the industry, strengthen sustainable and stable operation capabilities, and enhance core competitiveness of the Company, which are conducive to reducing the Company's financial costs and improving debt solvency.

After taking into account the above reasons and benefits, the Directors (excluding independent non-executive Directors whose views will be based on the opinion of an independent financial adviser) are of the view that the terms of the transactions under the Proposed Non-public Issuance of A Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **II. IMPLICATIONS UNDER THE LISTING RULES**

As of the date of this announcement, Shanghai Tandong, one of the Subscribers, is a wholly-owned subsidiary of Shanghai Shangshi, a controlling shareholder of the Company, and therefore Shanghai Tandong constitutes a connected person of the Company under Rule 14A.07 of the Listing Rules. As such, according to Chapter 14A of the Listing Rules, the transaction contemplated under the Shanghai Tandong Subscription Agreement constitutes a connected transaction of the Company and is subject to the reporting, annual review and announcement requirements and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the requirements of relevant laws and regulations, the Listing Rules and the articles of association of the Company, due to the facts that Mr. ZHOU Jun and Mr. GE Dawei held interests or positions in Shanghai Shangshi, Mr. ZHOU Jun and Mr. GE Dawei abstained from voting when the Board reviewed the resolution in respect of the Proposed Non-public Issuance of A Shares. Save for the above, to the best of Directors' knowledge, information and belief, and after making all reasonable enquiries, no other Director had a material interest in the Proposed Non-public Issuance of A Shares or shall abstain from voting on board resolutions approving the Proposed Non-public Issuance of A Shares.

For the Proposed Non-public Issuance of A Shares, a specific mandate shall be sought from the Shareholders as required under Rule 13.36 of the Listing Rules, as modified by Chapter 19A of the Listing Rules.

### **III. GENERAL INFORMATION**

#### *The Company*

Headquartered in Shanghai, the Company is a national integrated pharmaceutical company in the PRC that has leading positions in both pharmaceutical production and distribution markets. The Company's business mainly covers two segments, namely, pharmaceutical industry and pharmaceutical business. The A shares and H shares of the Company are listed on the Shanghai Stock Exchange and the Hong Kong Stock Exchange, respectively. The controlling shareholders of the Company are SIIC, Shanghai Pharmaceutical (Group) and Shanghai Shangshi.

#### *Shanghai Tandong*

Shanghai Tandong is a company incorporated under the laws of PRC with limited liabilities, which is mainly engaged in corporate management consulting, and technology development, technical services, technical consulting, technology transfer, etc. in the fields of medicine and biotechnology. As of the date of this announcement, Shanghai Tandong is a wholly-owned subsidiary of Shanghai Shangshi.

#### *Yunnan Baiyao*

Yunnan Baiyao is a joint stock company incorporated under the laws of PRC with limited liabilities, which is currently engaged in pharmaceuticals, health products, Chinese medicine resources and pharmaceutical logistics, etc., shares of which are listed on the Shenzhen Stock Exchange with stock code 000538. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Yunnan Baiyao Subscription Agreement, Yunnan Baiyao is a third party independent of the Company and connected persons of the Company.

### **IV. GM AND CLASS MEETINGS**

The Company will convene the GM, A Share Class Meeting and H Share Class Meeting for considering and, if thought fit, approving, among other things, (i) the Proposed Non-public Issuance of A Shares, (ii) the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement and other related resolutions. A circular containing, among other things, the details of (i) the Proposed Non-public Issuance of A Shares, (ii) the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement and other related resolutions, together with the notice of GM, A Share Class Meeting and H Share Class Meeting is expected to be dispatched to the Shareholders in due course.

**As the Proposed Non-public Issuance of A Shares is subject to approvals and will only be completed after certain conditions are fulfilled, the Proposed Non-public Issuance of A Shares may or may not**



**proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions in this announcement shall have the following meanings:

<b>“A Share Class Meeting”</b>	the class meeting of A Shareholders to be held by the Company to consider and, if thought fit, approve, among other things, the Proposed Non-public Issuance of A Shares
<b>“Board”</b>	the board of Directors
<b>“Class Meetings”</b>	A Share Class Meeting and H Share Class Meeting
<b>“Company”</b>	Shanghai Pharmaceuticals Holding Co., Ltd. (上海醫藥集團股份有限公司), a joint stock company incorporated in the PRC with limited liability (shares of which are listed on the SSE with stock code 601607, and on the Main Board of the Hong Kong Stock Exchange with stock code 02607)
<b>“connected person(s)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rules
<b>“CSRC”</b>	the China Securities Regulatory Commission
<b>“Director(s)”</b>	the director(s) of the Company
<b>“GM”</b>	the general meeting to be held by the Company to consider and, if thought fit, approve, among other things, the Proposed Non-public Issuance of A Shares and the Shanghai Tandong Subscription Agreement and the Yunnan Baiyao Subscription Agreement
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“H Share Class Meeting”</b>	the class meeting of H Shareholders to be held by the Company to consider and, if thought fit, approve, among other things, the Proposed Non-public Issuance of A Shares
<b>“Issuance Date”</b>	the date of issuance of A Shares to the Subscribers pursuant to the Proposed Non-public Issuance of A Shares
<b>“Issue Price”</b>	the issue price per A share under the Proposed Non-public Issuance of A Shares
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

<b>“PRC”</b>	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“Price Benchmark Date”</b>	12 May 2021, being one day after the date on which the Board considered and approved the Proposed Non-public Issuance of A Shares
<b>“Proposed Non-public Issuance of A Shares”</b>	the proposed issuance of a maximum of 187,000,000 and 665,626,796 A Shares by the Company, representing not more than 30% of the total number of Shares in issue prior to the Proposed Non-public Issuance of A Shares, to Shanghai Tandong and Yunnan Baiyao, respectively
<b>“RMB”</b>	renminbi, the lawful currency of PRC
<b>“Shanghai Shangshi”</b>	Shanghai Shangshi (Group) Co., Ltd. (上海上實(集團)有限公司), a company incorporated in the PRC with limited liability and a controlling shareholder of the Company
<b>“Shanghai Tandong”</b>	Shanghai Tandong Enterprise Consulting Services Co., Ltd. (上海潭東企業諮詢服務有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shanghai Shangshi as of the date of this announcement
<b>“Shanghai Tandong Subscription Agreement”</b>	the share subscription agreement in respect of the Proposed Non-public Issuance of A Shares entered into between the Company and Shanghai Tandong dated 11 May 2021
<b>“Share(s)”</b>	share(s) of the Company
<b>“Shareholder(s)”</b>	shareholder(s) of the Company
<b>“SIIC”</b>	Shanghai Industrial Investment (Holdings) Co., Ltd. (上海實業(集團)有限公司), a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company and Shanghai Shangshi, respectively
<b>“SSE”</b>	Shanghai Stock Exchange
<b>“Strategic Cooperation Agreement”</b>	the strategic cooperation agreement entered into between the Company and Yunnan Baiyao dated 11 May 2021
<b>“Subscribers”</b>	Shanghai Tandong and Yunnan Baiyao
<b>“Yunnan Baiyao”</b>	Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司), a joint stock company incorporated in the PRC with limited liability (shares of which are listed on the Shenzhen Stock Exchange with stock code 000538)
<b>“Yunnan Baiyao Subscription Agreement”</b>	the share subscription agreement in respect of the Proposed Non-public Issuance of A Shares entered into between the Company and Yunnan Baiyao dated 11 May 2021

“%”

per cent

By order of the Board  
**Shanghai Pharmaceuticals Holding Co., Ltd.\***  
**ZHOU Jun**  
*Chairman*

Shanghai, the PRC, 12 May 2021

*As of the date of this announcement, the executive Directors of the Company are Mr. CHO Man, Mr. LI Yongzhong and Mr. SHEN Bo; the non-executive Directors are Mr. ZHOU Jun, Mr. GE Dawei and Ms. LI An; and the independent non-executive Directors are Mr. CAI Jiangnan, Mr. HONG Liang, Mr. GU Zhaoyang and Mr. Manson FOK.*

*\* For identification purpose only*