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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
ACQUISITION OF 100% EQUITY INTEREST IN SPH BIOLOGICAL MEDICINE**

ACQUISITION

The Board announces that, on 27 May 2021, Shanghai Asia Pioneer and the Company entered into the Equity Transfer Agreement, pursuant to which, Shanghai Asia Pioneer agreed to transfer 100% equity interest in SPH Biological Medicine to the Company at a consideration of RMB750,808,416.07, subject to the filing to the state-owned assets supervision and administration department. Upon the completion of the Acquisition, the Company will directly hold 100% equity interest in SPH Biological Medicine. SPH Biological Medicine will become a wholly-owned subsidiary of the Company and its financial results will be included into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As Shanghai Asia Pioneer is a wholly-owned subsidiary of Shanghai Pharmaceutical (Group), a controlling shareholder of the Company, it 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 Acquisition constitutes a connected transaction of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the transaction contemplated under the Equity Transfer Agreement is more than 0.1% but less than 5%, such transaction is subject to the reporting, annual review and announcement requirements but exempt from circular and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the Shanghai Listing Rules, transaction contemplated under the Equity Transfer Agreement is subject to the shareholders' approval at the general meeting of the Company.

I. EQUITY TRANSFER AGREEMENT

Parties:

(1) Shanghai Asia Pioneer (as the seller); and

(2) the Company (as the purchaser)

Subject Matter:

Shanghai Asia Pioneer agreed to transfer 100% equity interest in SPH Biological Medicine to the Company at a consideration of RMB750,808,416.07, subject to the filing to the state-owned assets supervision and administration department.

Upon the completion of the Acquisition, the Company will directly hold 100% equity interest in SPH Biological Medicine.

Payment of Consideration:

The consideration of the Acquisition, i.e. RMB750,808,416.07, is determined with reference to the valuation of the total shareholders' equity of SPH Biological Medicine as at 31 March 2021, which is based on the valuation conducted by the Valuer and approved by or filed to the relevant state-owned assets supervision and administration department of Shanghai Asia Pioneer.

The Company shall pay the consideration of the Acquisition, i.e. RMB750,808,416.07, to the designated bank account of SPH Biological Medicine within 15 business days from the Closing Date.

Conditions Precedent:

The Acquisition shall become effective upon fulfilment of the following conditions:

(1) the asset valuer recognized by both the Company and Shanghai Asia Pioneer completes the asset valuation of SPH Biological Medicine as at the Reference Date and issue the valuation report;

(2) the state-owned assets supervision and administration department approves, or accepts the filing of, the valuation of the total equity interest in SPH Biological Medicine as at the Reference Date;

(3) the internal competent corporate authorities of both the Company and Shanghai Asia Pioneer approve the Acquisition;

(4) the Equity Transfer Agreement and ancillary documents filed to the administration for industry and commerce including the amended articles of association of SPH Biological Medicine, the shareholders decision of changing the directors and supervisors of SPH Biological Medicine, the board resolution/executive directors' decision of changing the senior management of SPH Biological Medicine, are duly signed by the relevant parties and become effective;

(5) the representatives and warranties made by both the Company and Shanghai Asia Pioneer in the Equity Transfer Agreement are true, accurate and complete in all material respects as at the Closing Date;

(6) both the Company and Shanghai Asia Pioneer follow and obey all relevant obligations and undertakings under the Equity Transfer Agreement in all material respects as at the Closing Date; and

(7) no event which would have a material adverse effect on the financial

position, operation, assets, business or regulatory environment of SPH Biological Medicine has occurred or may occur as at the Closing Date.

Closing:

Both the Company and Shanghai Asia Pioneer shall cooperate with and procure SPH Biological Medicine to complete the filing in relation to the Acquisition to the administration for industry and commerce within 15 business days from the date on which all the conditions precedent in the Equity Transfer Agreement have been fulfilled.

II. LISTING RULES IMPLICATIONS

As Shanghai Asia Pioneer is a wholly-owned subsidiary of Shanghai Pharmaceutical (Group), a controlling shareholder of the Company, it 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 Equity Transfer Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the transaction contemplated under the Equity Transfer Agreement is more than 0.1% but less than 5%, such transaction is subject to the reporting, annual review and announcement requirements but exempt from circular and the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pursuant to the Shanghai Listing Rules, transaction contemplated under the Equity Transfer Agreement is subject to the shareholders' approval at the general meeting of the Company.

III. REASONS FOR AND BENEFITS OF THE ACQUISITION

Under the background of the implementation of the "Healthy China 2030" strategy, the Company seized the opportunities and unswervingly laid out innovation and transformation. The annual R&D investment in the industrial sector reached a new high year by year. During the "14th Five-Year Plan" period, the Company's goal was to accomplish the R&D investment of more than 10% of the industrial sales revenue and initially transform into a R&D-oriented pharmaceutical company driven by technological innovation. With the continuous enrichment of the Company's innovative drug pipeline and the accelerated transformation of scientific and technological achievements of the innovation cooperation platform, the Company needs to further improve the innovation platform in terms of research and development, incubation, pilot testing, and industrialization. Taking into account leading advantages in innovative drug R&D in Shanghai, the Company decided to build a new biomedicine innovation R&D, incubation and industrialization base in Zhangjiang, Shanghai, to gather innovative talents, technologies, projects, capital and other resources to support the next round of development. Innovation and development. The land owned by SPH Biological Medicine is located at No. 92 Zhangjiang Road, Pudong New District, Shanghai. It is in the core area of Zhangjiang Science City where the biomedical industry gathers. It mainly focuses on therapeutic antibodies, cell therapy, micro-ecology, gene therapy and other fields, which is conducive to building an innovative incubation and transformation platform with a complete layout and leading technology in the domestic biomedical sector.

The Acquisition will enhance the Company's independent capabilities in R&D and innovation, provide the Company with an internationally leading R&D environment and create an open R&D public service platform. In the meantime, relying on the Company's nationwide sales and supply chain network, the Acquisition will further accelerate the growth of the Company's newly listed drugs.

The Directors (including independent non-executive Directors) consider that the terms of the transaction contemplated under the Equity Transfer Agreement is fair and reasonable, on normal commercial terms and

Company pursuant to the Equity Transfer Agreement

“Board”	the board of directors of the Company
“Closing Date”	the date on which SPH Biological Medicine completed the industrial and commercial registration pursuant to the Equity Transfer Agreement
“Company”	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 (the A shares of which are listed on the Shanghai Stock Exchange with stock code 601607 and the H shares of which are listed on the Main Board of the Hong Kong Stock Exchange with stock code 02607)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the Equity Transfer Agreement entered into between the Company and Shanghai Asia Pioneer dated 27 May 2021 in respect of the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China, but for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Reference Date”	31 March 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Asia Pioneer”	Shanghai Asia Pioneer Pharmaceutical Co., Ltd. (上海新先鋒藥業有限公司), a wholly-owned subsidiary of Shanghai Pharmaceutical (Group) as at the date of this announcement
“Shanghai Listing Rules”	the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》)
“Shanghai Pharmaceutical (Group)”	Shanghai Pharmaceutical (Group) Co., Ltd. (上海醫藥(集團)有限公司), a controlling shareholder of the Company
“SPH Biological	Shanghai SPH Biological Medicine Co., Ltd. (上海上藥生物醫藥有限公司)

Medicine”

“Valuer”

Shanghai Pan-China Assets Valuation Co., Ltd (上海眾華資產評估有限公司), an independent valuer who performed the valuation of the total shareholders’ equity of SPH Biological Medicine

“%”

per cent

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

Shanghai, the PRC, 28 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*