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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)

**RESIGNATION OF EXECUTIVE DIRECTOR
PROPOSED APPOINTMENT OF DIRECTOR
AND
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

The board of directors (the “**Board**”) of Shanghai Pharmaceuticals Holding Co., Ltd. (the “**Company**”) hereby announces that:

RESIGNATION OF EXECUTIVE DIRECTOR

The Board received written resignation notice from Mr. Zhou Jie, the chairman of the Board, on 25 August 2016. Mr. Zhou Jie has tendered his resignation from the office of the chairman of the Board, executive director and a member of the Nomination Committee due to his work arrangement. Upon the resignation of Mr. Zhou Jie, he will no longer hold any positions in the Company. Mr. Zhou Jie has confirmed that he has no disagreement with the Board and there are no other matters in respect of his resignation that need to be brought to the attention of the shareholders of the Company and The Stock Exchange of Hong Kong Limited. According to relevant laws and regulations as well as the articles of association of the Company (the “**Articles of Association**”), the written resignation notice of Mr. Zhou Jie became effective upon its delivery to the Board.

The Board would like to express its sincere gratitude to Mr. Zhou Jie for his invaluable contribution to the Company during his tenure.

The Company will complete the election of new chairman of the Board as soon as practicable in accordance with statutory procedures. As the election of new chairman needs to go through statutory procedures, according to relevant rules, before the election of the new chairman, Mr. Cho Man, an executive director and the president of the Company, after a joint nomination by the Company’s directors, shall perform the duties of chairman and legal representative until the new chairman is being elected.

PROPOSED APPOINTMENT OF DIRECTOR

The Board resolved to nominate Mr. Zhou Jun as a non-executive director candidate for the sixth session of the Board.

The biography of Mr. Zhou Jun is set out below:

Mr. Zhou Jun, born in March 1969, is an economist. Mr. Zhou obtained a degree of Bachelor of Arts from Nanjing University and a degree of Master of Economics in International Finance from Fudan University. He is designated a economist. Mr. Zhou has over 20 years of professional experience in securities, merger and acquisition, finance, real estate, project planning and corporate management. He has been the vice chairman and the chief executive officer since August 2016, and the executive director of Shanghai Industrial Holdings Limited (a company listed on The Stock Exchange of Hong Kong Limited with stock code of 00363) since April 2009 respectively. He also served as the chairman of Shanghai Shengtai Investment and Management Limited, a subsidiary of Shanghai Charity Foundation, since June 2014, and has been the independent non-executive director of Zhejiang Expressway Co., Ltd. (a company listed on The Stock Exchange of Hong Kong Limited with stock code of 00576; London Market for Hong Kong Stocks code of ZHEH; United States ADR code of ZHEXY) since July 2012. He was also an executive director and vice president of Shanghai Industrial Investment (Holdings) Co., Ltd. since May 2012 and March 2009 respectively; the executive chairman of SIIC Environment Holdings Ltd. (a company listed on the Singapore Stock Exchange with stock code of BHK) since May 2012; the chairman of SIIC Management (Shanghai) Ltd. since November 2010; the executive director of Shanghai Industrial Urban Development Group Limited (a company listed on The Stock Exchange of Hong Kong Limited with stock code of 00563) since July 2010; the chairman of Shanghai Shen-Yu Development Co., Ltd. since November 2009; the chairman of Shanghai Galaxy Investments Co., Ltd. since July 2009; the Chairman of Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd. and Shanghai Luqiao Development Co., Ltd. since April 2009; the chairman of S.I. Infrastructure Holdings Limited since March 2009. Meanwhile, Mr. Zhou Jun is a member of the executive committee of the Chinese People’s Political Consultative Conference in Shanghai. He held the positions of a deputy general manager of SIIC Real Estate Holdings (Shanghai) Co., Ltd., deputy chief executive officer of Shanghai Industrial Holdings Limited, deputy general manager of Shanghai United Industrial Co., Ltd., managing director of Shanghai Galaxy Investments Co., Ltd and general manager of investment planning department of Shanghai Industrial Investment (Holdings) Co., Ltd. as well.

Save as disclosed above, Mr. Zhou Jun does not hold any directorship or other major positions in any other listed companies in the last three years prior to this announcement. Save as disclosed above, Mr. Zhou Jun does not have any relationship with any director, supervisor, senior management or substantial shareholder or controlling shareholder of the Company. As at the date of this announcement, Mr. Zhou Jun does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance of Chapter 571 of the Laws of Hong Kong.

If Mr. Zhou Jun is elected as a non-executive director, his term of office will be terminated upon the expiry of sixth session of the Board, and will not be entitled to the director’s fee during his tenure.

Save as disclosed above, there were no other matters with respect to the election of Mr. Zhou Jun as a non-executive director that needs to be brought to the attention of our shareholders and there were no other matters that are required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In accordance with relevant rules of the Articles of Association, the above proposed appointment is subject to the approval of the shareholders at the general meeting of the Company. A circular containing, among other things, details of the above resolution, together with the notice of the shareholders’ general meeting, will be despatched to the shareholders in due course.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

According to the Opinions of the General Office of the State Council on Further Strengthening the Protection of Small and Medium Investors’ Legitimate Interests in Capital Market (Guo Ban Fa [2013] No. 110), China Securities Regulatory Commission Announcement [2014] No. 47 – Guidelines for the Articles of Association of Listed Companies (Revised in 2014), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the actual situation of the Company, the Board proposed the following amendments to the Articles of Association in accordance with laws:

Articles of Association	Original Text	Amended to
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Article 4	Registered Address: No.92, Zhangjiang Road, Pudong New Area, Shanghai	Registered Address: No.92, Zhangjiang Road, China (Shanghai) Pilot Free Trade Zone
Article 26	Unless otherwise provided by laws or administrative regulations, shares in the Company are freely transferable, without any lien.	Unless otherwise provided by laws or administrative regulations, fully-paid shares in the Company are freely transferable, without any lien.
Article 103 Shares held by the Company carry no voting right. Such shares shall not be included into the number of voting rights present at the shareholders' general meeting. The Board, independent directors and eligible shareholders may solicit for the shareholders right to vote. No payments shall be made to the shareholders for such solicitation, and adequate information shall be provided to persons whose voting rights are being solicited. When the shareholders' general meeting considers important matters that could materially affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately. Shares held by the Company carry no voting right. Such shares shall not be included into the number of voting rights present at the shareholders' general meeting. The Board, independent directors and eligible shareholders may solicit for the shareholders right to vote publicly. No payments shall be made to the shareholders for such solicitation, and adequate information shall be disclosed to persons whose voting rights are being solicited. The Company shall not impose any limitation related to the minimum shareholding ratio on the solicitation of voting rights.
Article 106	On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes in the same way.	When voting at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes in the same way.
Article 146 Except for cases as provided in the appendix 3 note 1 of the Listing Rules or as permitted by the Hong Kong Stock Exchange, directors shall not vote on resolutions of the Board in respect of any contract, arrangement or any other suggestion in which they are substantially interested through themselves or any of their associates Except for cases as provided in the appendix 3 note 1 of the Listing Rules or as permitted by the Hong Kong Stock Exchange, directors shall not vote on resolutions of the Board in respect of any contract, arrangement or any other suggestion in which they are substantially interested through themselves or any of their close associates (as defined in the Listing Rules). When determining

	<p>(as defined in the Listing Rules). When determining whether the quorum is reached, such directors shall not be counted.</p> <p>.....</p> <p>If a material conflict of interest (as determined by the Board) of substantial shareholders (as defined in the Listing Rules) or directors exists in the matters to be considered by the Board, such matters shall not be considered by means of circulating documents or by its subcommittees (except for committees established specifically for such matters in accordance with resolutions of the Board), and the Board shall convene a Board meeting in respect of such matters. Independent non-executive directors who are not substantially interested through themselves or any of their associates (as defined in the Listing Rules) in the transaction shall attend the relevant Board meeting.</p> <p style="text-align: center;">Mandatory Provisions, Article 88 Listing Rules, App3 Para 4(1), App 14A 1.8</p>	<p>whether the quorum is reached, such directors shall not be counted.</p> <p>.....</p> <p>If a material conflict of interest (as determined by the Board) of substantial shareholders (as defined in the Listing Rules) or directors exists in the matters to be considered by the Board, such matters shall not be considered by means of circulating documents or by its subcommittees (except for committees established specifically for such matters in accordance with resolutions of the Board), and the Board shall convene a Board meeting in respect of such matters. Independent non-executive directors who have no material interest through themselves or any of their close associates (as defined in the Listing Rules) in the transaction shall attend the relevant Board meeting. If the transaction is a connected transaction (as defined in the Listing Rules), the “close associates” in this article shall refer to “associates”.</p> <p style="text-align: center;">Mandatory Provisions, Article 88 Listing Rules, 13.44, App3 Para 4(1), App 14A.1.7</p>
Article 157	<p>Regular Meetings of the Board shall be held at least four times a year at approximately quarterly intervals and convened by the chairperson of the Board. Notice of the meeting shall be served on all of the directors and supervisors ten (10) days before the date of the meeting. When there is an urgent matter, extraordinary meetings of the Board may be held upon proposal by the chairperson of the Board, more than one-third directors or the president. At a regular Board meeting, directors’ approval shall not be obtained by means of circulation of written resolution.</p> <p>.....</p>	<p>Regular Meetings of the Board shall be held at least four (4) times a year at approximately quarterly intervals and convened by the chairperson of the Board. Notice of the meeting shall be served on all of the directors and supervisors fourteen (14) days before the date of the meeting. When there is an urgent matter, extraordinary meetings of the Board may be held upon proposal by the chairperson of the Board, more than one-third directors or the president. At a regular Board meeting, directors’ approval shall not be obtained by means of circulation of written resolution.</p> <p>.....</p>

Article 159	<p>.....</p> <p>The agenda of the regular Board meeting and relevant meeting documents shall be delivered to all directors as soon as possible but in no event later than three (3) days before the proposed meeting date (or other agreed date) of the Board or its committees.</p> <p>.....</p> <p style="text-align: center;">Opinions, Article 3 Listing Rules, App 14 A6.1</p>	<p>.....</p> <p>The agenda of the regular Board meeting and relevant meeting documents shall be delivered to all directors as soon as possible but in no event later than three (3) days before the proposed meeting date (or other agreed date) of the Board or its committees. All other meetings of the Board shall also comply with the arrangements above so far as practicable.</p> <p>.....</p> <p style="text-align: center;">Opinions, Article 3 Listing Rules, App 14 A.7.1</p>
Article 164	<p>The Board shall prepare minutes of its decisions on the matters reviewed at the meetings. The directors attending a meeting shall sign the minutes of that meeting. Opinions of independent directors shall be specified in the Board resolution. Minutes of the Board meeting shall be preserved as the Company's files. A complete set of copies of minutes shall also be preserved in the Hong Kong office of the Company. Preservation period shall not be less than ten (10) years.</p> <p>.....</p> <p style="text-align: center;">Mandatory Provisions, Article 95 Listing Rules, App14 A.1.5&A.1.6</p>	<p>Meeting minutes of the Board and its committees shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by the directors and dissenting views expressed. The directors attending a meeting shall sign the minutes of that meeting. Opinions of independent directors shall be specified in the Board resolution. Minutes of the Board meeting shall be preserved as the Company's files. A complete set of copies of minutes shall also be preserved in the Hong Kong office of the Company. Preservation period shall not be less than ten (10) years.</p> <p>.....</p> <p style="text-align: center;">Mandatory Provisions, Article 95 Listing Rules, App 14 A.1.4 & A.1.5</p>
Article 242	<p>.....</p> <p>The Board shall have the power to forfeit unclaimed dividends, but that power shall not be exercised unless the relevant validity period has lapsed.</p>	<p>.....</p> <p>The Board shall have the power to forfeit unclaimed dividends, but the power shall only be exercisable six years or more after the due date of payment of the interest to be forfeited.</p>
Rules of Procedure of the Shareholders' General Meeting	Original Text	Amended to
Article 46	<p>.....</p> <p>Shares held by the Company carry no voting right. Such shares shall not be</p>	<p>.....</p> <p>When the shareholders' general meeting considers the important matters that could</p>

	<p>included into the number of voting rights present at the shareholders' general meeting.</p> <p>The Board, independent directors and eligible shareholders may solicit for the shareholders' rights to vote.</p> <p>No payments shall be made to the shareholders for such solicitation, and adequate information shall be provided to persons whose voting rights are being solicited.</p>	<p>materially affect the interests of medium and small investors, the votes by medium and small investors shall be counted separately.</p> <p>Shares held by the Company carry no voting right. Such shares shall not be included into the number of voting rights present at the shareholders' general meeting.</p> <p>The Board, independent directors and eligible shareholders may solicit for the shareholders' rights to vote publicly. No payments shall be made to the shareholders for such solicitation, and adequate information shall be disclosed to persons whose voting rights are being solicited. The Company shall not impose any limitation related to the minimum shareholding ratio on the solicitation of voting rights.</p>
Article 49	On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes in the same way.	When voting at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his/her votes in the same way.
Rules of Procedure of the Board of Directors	Original Text	Amended to
Article 10	<p>.....</p> <p>Regular meetings of the Board shall be held at least four times a year at approximately quarterly intervals and convened by the chairperson of the Board. Notice of the meeting shall be served on all of the directors and supervisors ten (10) days before the date of the meeting. At a regular meeting, directors' approval shall not be obtained by way of circulation of written resolution.</p>	<p>.....</p> <p>Regular meetings of the Board shall be held at least four times a year at approximately quarterly intervals and convened by the chairperson of the Board. Notice of the meeting shall be served on all of the directors and supervisors fourteen (14) days before the date of the meeting. At a regular meeting, directors' approval shall not be obtained by way of circulation of written resolution.</p>
Article 14	<p>.....</p> <p>The agenda of the regular Board meeting and relevant meeting documents shall be delivered to all</p>	<p>.....</p> <p>The agenda of the regular Board meeting and relevant meeting documents shall be delivered to all directors as soon as possible</p>

	<p>directors as soon as possible but in no event later than three (3) days before the proposed meeting date (or other agreed date) of the Board or its committees.</p> <p>.....</p>	<p>but in no event later than three (3) days before the proposed meeting date (or other agreed date) of the Board or its committees. All other meetings of the Board shall also comply with the arrangements above so far as practicable.</p> <p>.....</p>
Article 35	<p>The Board shall prepare minutes of its decisions on the matters reviewed at the meetings. The directors attending a meeting shall sign the minutes of that meeting. Opinions of independent directors shall be stated clearly in the Board resolution.</p> <p>.....</p>	<p>Meeting minutes of the Board and its committees shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by the directors and dissenting views expressed. The directors attending a meeting shall sign the minutes of that meeting. Opinions of independent directors shall be stated clearly in the Board resolution.</p> <p>.....</p>

The proposed amendments to the Articles of Association are subject to the approval of the shareholders at the general meeting of the Company. Prior to the approval by shareholders, the current Articles of Association remains effective.

A circular containing, among other things, details of the proposed amendments to the Articles of Association, together with the notice of the shareholders' general meeting, will be dispatched to the shareholders in due course.

By order of the Board
Shanghai Pharmaceuticals Holding Co., Ltd.
Liu Dawei
Joint Company Secretary

Shanghai, the PRC, 26 August 2016

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 director is Ms. LI An; and the independent non-executive directors are Mr. WAN Kam To, Mr. TSE Cho Che, Edward, Mr. CAI Jiangnan and Mr. HONG Liang.

* *For identification purpose only*