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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)

VOLUNTARY ANNOUNCEMENT

UPDATE ON THE PROGRESS IN RELATION TO THE PARTICIPATION IN THE PRIVATIZATION OF VITACO HOLDINGS LIMITED

This announcement is made by the Board of Directors (the “**Board**”) of Shanghai Pharmaceuticals Holding Co., Ltd. (the “**Company**” or “**Shanghai Pharma**”) on a voluntary basis.

I. OVERVIEW OF THE TRANSACTION

Reference is made to the announcement of the Company dated 4 August 2016 (the “**Announcement**”) in relation to the Company’s participation in the privatization of Vitaco Holdings Limited (“**Vitaco**”, ASX stock code: VIT), a company listed on the Australian Securities Exchange.

As disclosed in the Announcement, the Company and SIIC Medical Science and Technology (Group) Limited (“**SIIC**”, a wholly-owned subsidiary of Shanghai Pharma) intend to privatize Vitaco with Primavera Capital Fund II L.P. and PV Zeus Limited. The Company has entered into the Scheme Implementation Deed in Sydney, Australia on 3 August 2016 in relation to the privatization of Vitaco. SIIC intended to acquire 60% of the equity interests in Vitaco in cash with an acquisition cost of approximately RMB938 million (the “**Transaction**”).

II. THE PROGRESS OF TRANSACTION

On 21 October 2016, Vitaco has received the notification (File Reference Numbers: FI2016/00877 and FI2016/00117) from the Australian Foreign Investment Review Board (“**FIRB**”) that the Australian government has no objections to the Transaction.

In addition, the Company has completed the filing procedures with the State-owned Assets Supervision and Administration Commission of the Shanghai Municipal Government (“**SASAC**”) by the end of 20 October 2016,.

After obtaining the approval of the FIRB and completing SASAC filing process, the Transaction is still subject to a number of customary conditions including the approval of Vitaco’s shareholders and the Federal Court of Australia, and the approval of the Overseas Investment Office (OIO) in New Zealand. The process of satisfying the remainder of the conditions in order for the Transaction to be implemented is underway.

The success of this Transaction remains uncertain. Shareholders and investors shall exercise caution when dealing in the shares of the Company.

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

Shanghai, the PRC, 24 October 2016

As at 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 and 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*