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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)

**FURTHER ANNOUNCEMENT
RELATING TO CONTINUING CONNECTED TRANSACTIONS –
LEASING OF PROPERTIES AND PRODUCTION EQUIPMENT**

We refer to the announcement (the “**Announcement**”) of Shanghai Pharmaceuticals Holding Co., Ltd. * (the “**Company**”, and together with its subsidiaries, the “**Group**”) dated 22 March 2017 in relation to the continuing connected transactions regarding the leasing of properties and production equipment between the Group and Shanghai Pharmaceutical (Group) Co., Ltd. (“**Shanghai Pharmaceutical (Group)**”), one of the controlling shareholders of the Company, and its subsidiaries in 2017, including the lease agreement related to the lease of properties by Shanghai Zhonghua Pharmaceutical Co., Ltd., one of the Company’s subsidiaries, from Shanghai Pharmaceutical (Group) (the “**Original Properties Lease Agreement**”). In accordance with the Original Properties Lease Agreement, the leasing term is five years from 1 January 2016 to 31 December 2020, with annual rental of RMB416,641.20 and the relevant payment of annual property management fee to Shanghai Indu-Land Real Estate Management Co., Ltd. of RMB21,928.48.

On 27 April 2017, Shanghai Pharmaceutical (Group), Shanghai Indu-Land Real Estate Management Co., Ltd. and Shanghai Zhonghua Pharmaceutical Co., Ltd. entered into a supplemental agreement in respect of the Original Properties Lease Agreement (the “**Supplemental Properties Lease Agreement**”). Pursuant to the Supplemental Properties Lease Agreement, the leasing term of the Original Properties Lease Agreement is amended to three years commencing from 1 January 2016 to 31 December 2018, with other terms remaining unchanged.

The Group is leasing properties and production equipment from Shanghai Pharmaceutical (Group) as the premises and equipment for its daily operation. Therefore, the continuing connected transactions related to leasing of properties and production equipment (including transactions under the Original Properties Lease Agreement and the Supplemental Properties

Lease Agreement), are necessary and of continuing nature and will not affect the Company's independence.

Pursuant to the relevant laws and regulations, listing rules and the requirements of Articles of Association of the Company, when the Board passed the resolution in relation to the Supplemental Properties Lease Agreement, Mr. Zhou Jun abstained from voting as a connected director.

The board of directors of the Company (including the independent non-executive directors) is of the view that the above continuing connected transactions comply with the normal commercial principles of mutual benefit and equal value, are entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and the considerations are based on market price and are fair and reasonable. The above continuing connected transactions do not harm the interests of the Company or its shareholders, especially those of the minority shareholders, and are in the interests of the Company and its shareholders as a whole.

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

Shanghai, the PRC, 28 April 2017

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 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*