

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**CONTROLLING SHAREHOLDER'S PROPOSAL FOR CHANGE OF
DIRECTOR OF THE COMPANY
CHANGE OF CHAIRMAN**

This announcement is made in accordance with Rules 13.09(1) and 13.51(2) of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

On 29 March 2012, the board of directors (the "**Board**") of Shanghai Pharmaceuticals Holding Co., Ltd. (the "**Company**") received a letter from one of its controlling shareholders, Shanghai Pharmaceutical (Group) Co., Ltd. ("**Shanghai Pharmaceutical (Group)**"), which proposed that Mr. LU Mingfang be removed as director, executive director and chairman of the Company and nominated Mr. ZHOU Jie as director (the "**Controlling Shareholder's Letter**"). The letter stated that the reason for such proposals was that there would be other work arrangements for Mr. LU Mingfang.

The Board considered the proposals raised in the Controlling Shareholder's Letter and resolved to remove Mr. LU Mingfang as chairman of the Company. Mr. LU remains a director. The Board will convene a meeting as soon as practicable to elect a new chairman of the Company. The Board will, according to the Company's Articles of Association, include the proposals for the removal and election of persons as directors raised in the Controlling Shareholder's Letter in the agenda of the Company's next shareholders' meeting as proposals for ordinary resolution. Separate announcement will be made in respect of the notice and proposals of the shareholders' meeting, and circular will be issued to the shareholders of the Company. The Company will make relevant announcements as required by applicable laws, regulations, the Listing Rules and the Company's Articles of Association.

By Order of the Board
Shanghai Pharmaceuticals Holding Co., Ltd.
Han Min
Joint Company Secretary

Shanghai, the PRC, 29 March 2012

As of the date of this announcement, the executive directors of the Company are Mr. LU Mingfang, Mr. ZHANG Jialin and Mr. XU Guoxiong; the non-executive directors of the Company are Mr. LU Shen and Mr. JIANG Ming; and the independent non-executive directors of the Company are Mr. ZENG Yixin, Mr. BAI Huiliang, Mr. CHEN Naiwei and Ms. Tommei TONG.

* *For identification purpose only*