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 — PROPOSED FURTHER ACQUISITION OF 26.34% EQUITY INTEREST OF TECHPOOL

STOCK PURCHASE AGREEMENT

On 21 May 2018, Shanghai Pharma has announced that Shanghai Pharmaceuticals (HK) entered into the Stock Purchase Agreement with Takeda AG (i.e. the Seller) in Hong Kong, pursuant to which Shanghai Pharmaceuticals (HK) agreed to purchase, and Takeda AG agreed to sell, the entire equity interest in the Target Company so that Shanghai Pharmaceuticals (HK) would indirectly hold 26.34% equity interest in Techpool, with a consideration of US$144 million (equivalent to approximately RMB915 million). Upon completion of the Proposed Acquisition, the shareholding in Techpool by the Company will be increased from 40.80% to 67.14% and the Company would achieve absolute control of Techpool. The Proposed Acquisition is still subject to its passing of the anti-monopoly examination for undertaking concentration by the China National Market Supervision Administration or the authorised anti-monopoly departments.

HONG KONG LISTING RULES IMPLICATIONS

To the best of the knowledge, information and belief of the Directors of the Company, after having made all reasonable enquiries, Takeda AG (and the ultimate beneficial owners of the Seller) is a third party independent of the Company and not a connected person of the Company.

As all the applicable percentage ratios for the Proposed Acquisition are less than 5%, the Proposed Acquisition contemplated under the Stock Purchase Agreement is exempted from the announcement and the shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules. This announcement is voluntarily made by the Company.

A. STOCK PURCHASE AGREEMENT

The principal terms of the Stock Purchase Agreement are set out below:

1. Parties

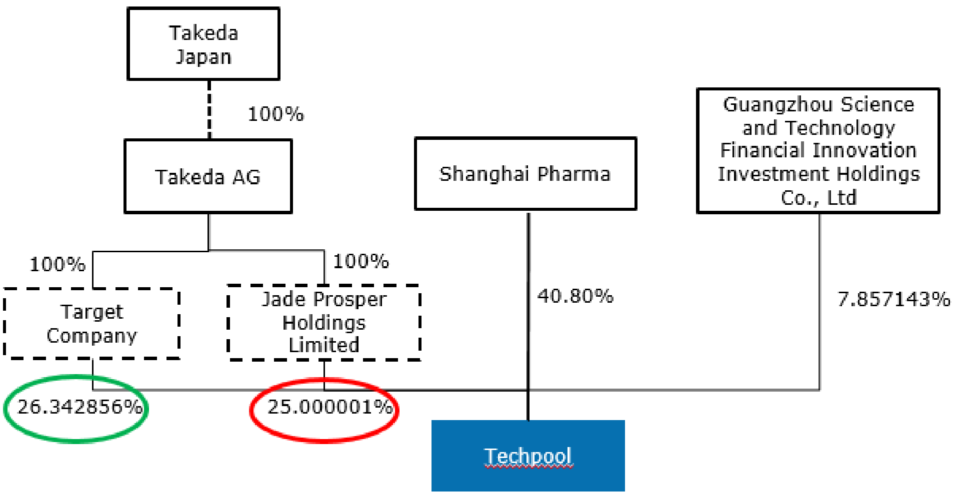
Purchaser	:	Shanghai Pharmaceuticals (HK)
Seller	:	Takeda AG
		To the best of the knowledge, information and belief of the Directors of the Company, after having made all reasonable enquiries, Takeda AG (and the ultimate beneficial owners of the Seller) is a third party independent of the Company and not a connected person of the Company.

2. The Transaction Structure

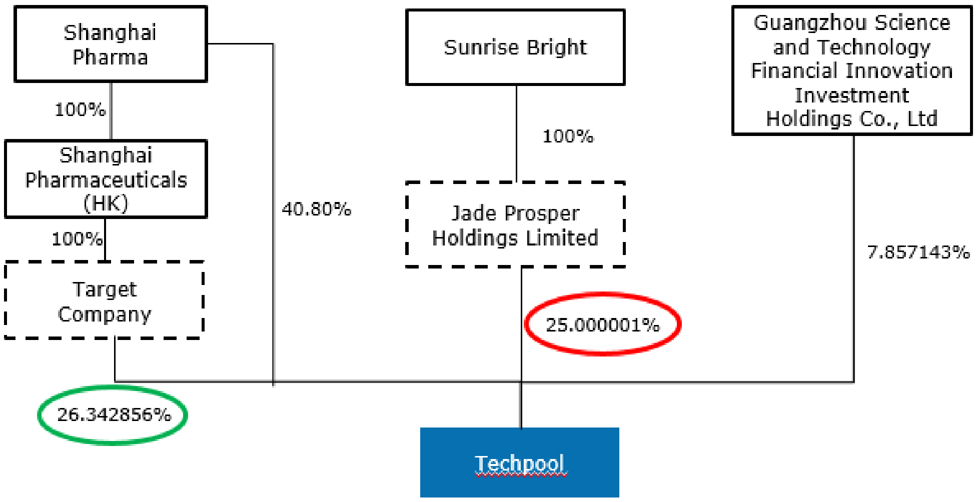
Subject to the terms and conditions of the Stock Purchase Agreement, Shanghai Pharmaceuticals (HK) agreed to purchase, and Takeda AG agreed to sell, the entire equity interest in the Target Company, so that Shanghai Pharmaceuticals (HK) would indirectly acquire 26.34% equity interest in Techpool. Upon completion of the Proposed Acquisition, the shareholding in Techpool by the Company will be increased from 40.80% to 67.14% and the Company would achieve absolute control of Techpool.

At the same time, Sunrise Bright acquires 100% equity interest in Jade Prosper Holdings Limited, a wholly-owned subsidiary of Takeda AG with a consideration of US$136 million (equivalent to approximately RMB 866 million), to indirectly acquire 25 % equity interest of Techpool .Sunrise Bright is not a connected person of the Company, and the acquisition conducted by Sunrise Bright and the Proposed Acquisition are separate transactions, and does not constitute a joint acquisition.

Prior to the Proposed Acquisition, the shareholding structure is as follows:



Upon closing of the Proposed Acquisition, the shareholding structure will be as follows:



3. Consideration for the Proposed Acquisition

The consideration for the Proposed Acquisition shall be US$144 million (equivalent to approximately RMB915 million).

4. Basis of Consideration

The consideration for the Proposed Acquisition was determined by both parties through fair negotiation based on a comprehensive consideration of the market competitiveness and future development prospects of the major core products of Techpool. The final equity value of Techpool (the major asset of the Target Company) is US$545 million ((the major asset of the Target Company is 26.34% equity interest of the Techpool, the corresponding equity value is US$144 million, equivalent to approximately RMB915 million). The consideration of the Proposed Acquisition is 18.6 P/E times of the average net profit in the past three years of the Target Company (calculated by dividing the consideration for the Proposed Acquisition by the average net profit for the past three years). Meanwhile, Sunrise Bright acquires 25 % equity interest of Techpool with a consideration of US$136 million (equivalent to approximately RMB 866 million), which is in accordance with the acquiring price per share of the Company.

5. Conditions Precedent

Closing of the Proposed Acquisition is subject to the satisfaction (or waiver, as applicable) of the following conditions precedent:

(a) To pass the anti-monopoly examination for undertaking concentration by the China National Market Supervision Administration or the authorised anti-monopoly departments;

(b) The declared but unallocated dividends been paid by Techpool to the Target Company;

(c) The Target Group’s inter-group financing and any other liabilities have been paid back or settled by Takeda AG.

6. Closing

The closing of the Proposed Acquisition shall be completed at 4:30pm on the fifteenth business day at Nomura International (Hong Kong) Limited, on 30th Floor of Two International Finance Center of Hong Kong upon the above conditions precedent having been satisfied or waived or such other date and location as the parties may otherwise agree.

Upon Closing, the Company will hold in aggregate 67.14% equity interest in Techpool and achieve absolute control of Techpool.

7. Main Obligations of Both Parties

In the transition period between signing and closing:

(a) the Buyer and Seller shall jointly promote Techpool to pay dividends to the Target Company which have been declared but not yet distributed .

(b) the Buyer shall do its utmost to ensure that the transaction shall pass the anti-monopoly examination for undertaking concentration, and the Seller shall provide assistance.

(c) the Seller guarantees the settlement of the inter-group financing and any other liabilities of the Target Company; unless otherwise agreed, the Target Company shall not engage in any other business other than being the shareholder of Techpool; the Seller shall promote the Target Company to seek approvals by both parties before making any decisions on major issues.

The Seller and the Buyer shall abide by their respective closing obligation under the Share Purchase Agreement and ensure the correctness and accuracy of their respective representation and warranties under the Share Purchase Agreement.

9. Indemnification

The Seller shall be liable to claims of the Buyer due to the breach of contract by the Seller, including the breach by the Seller of obligations during transition period, the Target Company's debt settlement obligation, tax liability and representation and warranties, provided that the indemnification is subject to limits on the time of claim submission, the deductible amount, the excess, the maximum amount of indemnification in the Share Purchase Agreement. If the Buyer or Seller delays payment of any payables under the Share Purchase Agreement, it shall bear the interest from the date of the settlement to the actual date of payment, and the interest rate is 5% above LIBOR and shall be calculated on a daily basis.

10. Applicable Law and Dispute Resolution

The Share Purchase Agreement and relevant transaction documents shall be governed and explained under the laws of Hong Kong. Any dispute arising out of or relating to the Share Purchase Agreement that cannot be resolved in a friendly manner within 30 business days from the date of a party's notice to the other party, shall be resolved in Hong Kong by a quorum of three arbitrators according to the Rules of Arbitration of the International Chamber of Commerce.

B. INFORMATION OF THE TARGET COMPANY

1. The Target Company

Corporation name: Takeda Chromo Beteiligungs AG

Corporation nature: joint-stock company

Incorporation date:19 November 2007

Place of registration: Switzerland

Principal place of business: Thurgauerstr. 130, 8152 Glattpark, Opfikon, Switzerland

Issued share capital: 100,000 Swiss francs (100 shares, 1,000 Swiss francs per share)

Current directors: Stefan Kollmann and Andre Mueller

Principal business: Takeda Chromo Beteiligungs AG is a wholly-owned subsidiary of Takeda AG, which has no actual operating businesses. Its main asset is the long-term investment in Techpool. Founded in March 1993, Techpool is located in Gaotang Science and Technology Industrial Park of Tianhe district in Guangzhou. It is a global leader in human urine protein bio-pharmaceuticals enterprises that focuses on the critical medicine field and integrates research and development, production and marketing of biopharmaceuticals. In 2016, the company was selected onto the list of the “Top 100 Chinese Biopharmaceutical Companies” by the Ministry of Industry and Information Technology and ranked 4th, and in 2017 it was named “Top 10 Most Investment Value Enterprises in China's Pharmaceutical Industry”. The company has established internationally advanced raw material medicines and freeze-dried powder injection needles, water injection needles, pre-injection needles and all production lines have been built up based on the standards of European EMEA and US FDA and is the first pharmaceutical company approved by the new version of GMP in Guangzhou. It has two core products: (1) national second-class new drug Tianpuluoan (Ulinastatin for injection; domestic exclusive species), mainly applicable to acute and chronic pancreatitis and acute circulatory failure (shock), and widely used in intensive care units (ICUs), the coverage rate of which in tertiary and secondary hospitals in cities has reached 60%, covering 80% of total number of ICU beds and achieving a sales revenue of RMB1,064 million, RMB1,098 million and RMB 812 million, respectively for 2015, 2016 and 2017; and (2) the new drug of global origination, Kailikang, suitable for mild to moderate acute thrombotic cerebral infarction, the sales revenue of which for 2015, 2016 and 2017, respectively, amounts to RMB310 million, RMB342 million and RMB276 million, respectively.

The Target Company’s unaudited key financial data for the recent two financial years is as follows.

Unit:RMB0,000[1]

Key financial data	**For the year ended 31 December 2016**	**For the year ended 31 December 2017**
Total assets	27,307	17,546
Net assets	27,094	15,446

[1] Calculated based on an exchange rate of CHF1 to RMB6.7989.

Total revenue	10,027	3,097
Net profits	9,512	3,086

Techpool's audited key financial data for the recent two financial years is as follows.

Unit:RMB0,000

Key financial data	**For the year ended 31 December 2016**	**For the year ended 31 December 2017**
Total assets	156,347	144,527
Net assets	116,122	112,326
Total Revenue	145,313	110,765
Net profits	23,636	7,964

C. REASONS AND BENEFITS OF THE STOCK PURCHASE AGREEMENT

Techpool has a competitive advantage in natural bio-protein field, and possesses several products with substantial market potential such as Tianpuan and Kailikang. The incorporation of Tianpuan and Kailikang will fill the product shortage of the Company in natural bio-protein field and subdivision field of critical illness, enriching the sales of over-billion product line and enhancing the industrial core competitiveness. In the future, the Company will continue to enrich the product line of Techpool by increasing the investment in research and development and the introduction of variety license-in, promoting a long-term, organic and sustainable growth.

Techpool has a vertical-intensive national marketing network, efficient market access and a professional marketing team focused on critical disease field, which will help strengthen the vertical-intensive professional marketing promotion capability of the Company and create a domestic first-class marketing system. Techpool will rely on our platform to graft fine marketing and management abilities, synergize the market access and pipeline advantages and effectively improve market penetration and share, as well as accelerate the development of innovative business such as IVD equipment agents in the PRC market.

Techpool is a valuable and high-quality target in perspective of long-term investment. After closing of the Proposed Acquisition, the sharholding in Techpool by the Company will increase from 40.80% to 67.14%, which will further optimise the shareholding structure of Techpool and strengthen resources integration of Techpool.

D. HONG KONG LISTING RULES IMPLICATIONS

As all the applicable percentage ratios for the Proposed Acquisition are less than 5%, the Proposed Acquisition contemplated under the Stock Purchase Agreement is exempted from the announcement and the shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules. This announcement is voluntarily made by the Company.

E. GENERAL

Shanghai Pharmaceuticals (HK)

Company name: Shanghai Pharmaceuticals (HK) Investment Limited (a wholly-owned subsidiary of the Company)

Nature Corporation: Private company with limited liability by shares

Date of incorporation: 8 September 2017

Place of registration: Hong Kong

Principal place of business: Unit 402, 4th Floor, Fairmont House, No.8 Cotton Tree Drive, Admiralty, Hong Kong

Directors: ZHOU Jun, CHO Man and LIU Dawei

Principal business: overseas merger and acquisition, and equity investment

Information about Takeda AG

Company name: Takeda Pharma AG

Corporation nature: company with limited liability by shares

Incorporation date: November 1986

Place of registration: Switzerland

Principal place of business: Huobstrasse 16, 8808 Pfaeffikon SZ（Canton Schwyz）, Switzerland

Registered capital: CHF 550,000

Takada Pharma AG is a wholly-owned subsidiary of Takada Japan(listed on the Tokyo Stock Exchange TYO:4502). Takeda Japan, founded in 1781, is a global research driven pharmaceutical company, focusing on products development, manufacture and marketing in medical field of anti-tumor, mental nerve, digestion, vaccine, etc.. According to the 2017 global pharmaceutical company ranking published by PharmExec (US magazine for pharmaceutical managers), Takeda Japan ranks among the top 20 global pharmaceutical companies. Takeda Japan employs more than 30,000 people worldwide, and has 19 R&D centers around the world and sales coverage of more than 70 countries and regions. Takeda Japan entered into Europe and other emerging markets through the acquisition of Swiss company Nycomed in 2011 and thus indirectly held a 51.34% stake in Techpool. This time, to further focus on its main business of the four core medical areas , it decided to sell its equity interests in Techpool.

As of 31March 2018, Takeda Japan had total assets of US$28.573 billion and net assets of US$18.950 billion. In 2017, it operating revenue reached US$2.271 billion and realized a net profit of US$1.756 billion (audited financial information).

As of the date of this announcement, Takeda Japan and its subsidiaries are all independent third parties of the Company and are not connected persons of the Company.

The completion of this transaction is subject to whether the conditions precedent for closing under the Share Purchase Agreement can be achieved and is uncertain to some extent. The investors shall be aware of investment risks.

F. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

"Board"	the board of directors of the Company
"Director(s)"	the directors of the Company
"CHF"	Swiss franc, the lawful currency of Switzerland
"the Company", "Shanghai Pharmaceuticals" or "Buyer"	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 (shares of which are listed on the Shanghai Stock Exchange with stock code 601607, and on the Main Board of the Hong Kong Stock Exchange with stock code 02607) or Shanghai Pharmaceuticals Holding Co., Ltd. and its subsidiaries, where applicable
"Techpool"	Techpool Bio-pharma Co., Ltd, a Company incorporated in China with limited liability, 26.34% equity interest of which is held by the Target Company as of the date of the announcement
"Sunrise Bright"	Sunrise Bright Investment Limited, a Company incorporated in China with limited liability
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"PRC" or "China"	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan)
"Proposed Acquisition"	the proposed acquisition of the entire equity interest in the Target Company so that Shanghai Pharmaceuticals (HK) would indirectly hold 26.34% equity interest of Techpool by Shanghai Pharmaceuticals (HK) from Takeda AG pursuant to the Stock Purchase Agreement

"Shanghai Pharmaceuticals (HK)"	Shanghai Pharmaceuticals (HK) Investment Limited, a private company incorporated in Hong Kong with limited liability, a wholly-owned subsidiary of the Company
"Stock Purchase Agreement"	the stock purchase agreement entered into between Shanghai Pharmaceuticals (HK) and Takeda AG, in relation to the Proposed Acquisition
"Takeda AG" or "Seller"	Takeda Pharma AG, a company incorporated in Switzerland with limited liability
"Takeda Japan"	Takada Pharmaceutical Company Limited, a company incorporated in Japan with limited liability
"Target Company"	Takeda Chromo Beteiligungs AG, a company incorporated in Switzerland with limited liability; prior to the completion of the Proposed Acquisition, a wholly-owned subsidiary of Takeda AG
"United States"	the United States of America
"US$"	United States dollars, the lawful currency of the United States
''%''	percent

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

Shanghai, the PRC, 21 May 2018

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*