

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.

This announcement does not constitute an offer or an invitation to induce an offer by any person to acquire, subscribe for or purchase any securities.



上海復旦張江生物醫藥股份有限公司
Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. *

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1349)

ANNOUNCEMENT

PROPOSED ISSUE OF A SHARES

PROPOSED ISSUE OF A SHARES

The Board is pleased to announce that at a meeting of the Board held on 29 May 2015, the Company proposed to apply to the relevant regulatory authorities in the PRC for the allotment and issue of not more than 27,000,000 A Shares with a nominal value of RMB0.10 each to the qualified investors subject to market consultation and investors who maintain securities account with the Shanghai Stock Exchange (excluding those in respect of which subscription has been prohibited by laws and regulations), and apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares. The Issue of A Shares will be subject to, among other things, the approval by the Shareholders by way of special resolution at the EGM and the Class Meetings, as well as the approval by the CSRC and Shanghai Stock Exchange.

OTHER RESOLUTIONS RELATING TO THE ISSUE OF A SHARES

The Board also passed other relevant resolutions in connection with the Issue of A Shares at the Board meeting, including, among other things, (1) authorization to the Board to deal with matters relating to the Issue of A Shares; (2) use of proceeds from the Issue of A Shares; (3) accumulated profit distribution plan before the Issue of A Shares; (4) three-year dividend distribution plan after the Issue of A Shares; (5) price stabilization plan of A Shares within three years after the Issue of A Shares; (6) undertakings on the matters in connection with the Issue of A Shares and putting forward restraining measures; (7) the Articles (Draft) to be applicable and effective after the Issue of A Shares; and (8) dilution of immediate return by the Issue of A Shares and recovery measures.

GENERAL

The Company will convene the EGM and the Class Meetings for the purpose of, among other things, seeking Shareholders' approval on (i) the proposed Issue of A Shares; (ii) the proposal on authorization to the Board to deal with matters relating to the Issue of A Shares; (iii) the proposal on use of proceeds from the Issue of A Shares; (iv) the proposal on accumulated profit distribution plan before the Issue of A Shares; (v) the proposal on three-year dividend distribution plan after the Issue of A Shares; (vi) the proposal on price stabilization plan of A Shares within three years after the Issue of A Shares; (vii) the proposal on undertakings on the matters in connection with the Issue of A Shares and putting forward restraining measures; (viii) the proposal on the Articles (Draft) to be applicable and effective after the Issue of A Shares; and (ix) the proposal on dilution of immediate return by the Issue of A Shares and recovery measures.

A circular containing, among other things, further details of the above matters, as well as the notices of the EGM and the Class Meetings respectively, will be despatched to the Shareholders in due course.

There is no assurance that the Issue of A Shares will proceed. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Shares will be disclosed by the Company in due course.

(I) PROPOSED ISSUE OF A SHARES

The Board is pleased to announce that at a meeting of the Board held on 29 May 2015, the Company proposed to apply to the relevant regulatory authorities in the PRC for the allotment and issue of not more than 27,000,000 A Shares with a nominal value of RMB0.10 each to the qualified investors subject to market consultation and investors who maintain securities account with the Shanghai Stock Exchange (excluding those in respect of which subscription has been prohibited by laws and regulations), and apply to the Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares. The Issue of A Shares will be subject to, among other things, the approval by the Shareholders by way of special resolution at the EGM and the Class Meetings, as well as the approval by the CSRC and Shanghai Stock Exchange.

Details of the Issue of A Shares

(i) Class of new Shares to be issued

RMB ordinary Shares (A Shares).

(ii) Nominal value of new Shares to be issued

RMB0.10 each Share.

(iii) Number of A Shares to be issued

The number of A Shares to be issued will be not more than 27,000,000 Shares, which represent:

- (1) approximately 4.63% of the aggregate Domestic Shares of the Company in issue as at the date of this announcement;
- (2) approximately 4.43% of the aggregate Domestic Shares of the Company in issue as enlarged by the Issue of A Shares;
- (3) approximately 2.93% of the entire issued share capital of the Company in issue as at the date of this announcement; and
- (4) approximately 2.84% of the entire issued share capital of the Company as enlarged by the Issue of A Shares.

The Issue of A Shares is mainly to raise funds for the development of the Company. The actual number of A Shares to be issued will be determined by the Company upon consultation with the lead underwriter(s) according to issuance market conditions and actual capital requirements of the Company.

(iv) Target subscribers

Qualified investors subject to market consultation and investors who maintain securities account with the Shanghai Stock Exchange (excluding those in respect of which subscription has been prohibited by laws and regulations) or otherwise prescribed by the relevant rules and regulations of the CSRC, the stock exchange or other relevant regulatory authorities.

If any of the above target subscribers of the Issue of A Shares is a connected person of the Company, the Company will take every reasonable step to comply with the relevant requirements under the Listing Rules.

(v) Pricing methodology

The issue price of the A Shares will be determined through making market consultation with offline investors or directly through negotiations between the lead underwriter(s) and the Company or by any other legally practicable methods.

The amount of funds to be raised from the Issue of A Shares could not be ascertained as at the date of this announcement.

The closing price of H Shares on the date of this announcement is HK\$10.30 per H Share.

(vi) Method of issuance

The Issue will be conducted through a combination of offline placement to the investors subject to market consultation and on-line application or other methods of issuance approved by CSRC.

(vii) Proposed stock exchange for listing

Shanghai Stock Exchange

(viii) Valid period of the resolution

The valid period of the resolution on the Issue of A Shares is 18 months from the date on which this proposal is considered and approved by the EGM and the Class Meetings.

(II) OTHER RESOLUTIONS RELATING TO THE ISSUE OF A SHARES

The Board also passed other relevant resolutions in connection with the Issue of A Shares at the Board meeting, including, among other things, (1) authorization to the Board to deal with matters relating to the Issue of A Shares; (2) use of proceeds from the Issue of A Shares; (3) accumulated profit distribution plan before the Issue of A Shares; (4) three-year dividend distribution plan after the Issue of A Shares; (5) price stabilization plan of A Shares within three years after the Issue of A Shares; (6) undertakings on the matters in connection with the Issue of A Shares and putting forward restraining measures; (7) the Articles (Draft) to be applicable and effective after the Issue of A Shares; and (8) dilution of immediate return by the Issue of A Shares and recovery measures.

The following summarizes the contents of the relevant resolutions, details of which will be set out in the circular for the EGM and Class Meetings to be despatched to the Shareholders in due course.

(1) Authorization to the Board to deal with matters relating to the Issue of A Shares

For the purposes of the Issue of A Shares, a resolution will be proposed by the Board at the EGM and the Class Meetings to authorize the Board to determine and to deal with the matters relating to the Issue of A Shares.

The authorisation proposed to be granted to the Board shall include without limitation:

- (i) to engage relevant intermediaries for the Issue of A Shares, and negotiate and fix the service fee and sign engagement or appointment agreement with relevant intermediaries;
- (ii) to implement the proposal on the Issue of A Shares pursuant to the requirements under the relevant laws, regulations and any other regulatory documents and the resolutions approved by the Shareholders' meeting;
- (iii) to deal with all matters relating to the Issue of A Shares, including without limitation, adjusting or determining the stock exchange to be listed on, the time of issuance, the number of shares to be issued, the target subscribers, the method of issuance, the pricing methodology, the issue price, the date of commencement and end of issuance and other related matters subject to the requirements of relevant competent authorities and the actual circumstance of the securities market;
- (iv) to within the scope of resolution approved by the Shareholders, adjust the projects to which the proceeds from the Issue of A Shares will be applied, the amount of fund required for such projects and the progress of fund injection; to adjust related matters according to the actual circumstances and comments from relevant governmental authorities in the course of implementation of the projects to which the proceeds will be applied, including without limitation, adjusting the amount of fund used for each project within the scope of the projects to which proceeds will be applied, the subject of implementation, progress and means of implementation, etc.; confirming the specific saving account for the proceeds; implementing the application of the proceeds after completion of the Issue of A Shares; executing material contracts involved in the course of implementation of the projects to which proceeds will be applied;
- (v) to adjust the proposal on the Issue of A Shares according to implementation situation of the proposal on the Issue of A Shares, market conditions, policies adjustments and comments from regulatory authorities, or if there is any change to the relevant policies relating to initial issue of new shares within the validity period of the proposal on Issue of A Shares, to deal with matters relating to the Issue of A Shares pursuant to such new policies;
- (vi) to amend the provisions of the Articles, and draft, amend or revise the Articles(Draft), the rules of procedures and internal rules of the Company relating to the Issue of A Shares according to the requirements and suggestions from relevant governmental and regulatory authorities during the process of the Issue of A Shares; to revise the relevant provisions of Articles(Draft) in accordance with the results of issuance, and to deal with the approval and the filing and registration of changes with the relevant Administration for Industry and Commerce Bureau and the filing and registration with relevant authorities;

- (vii) to make appropriate amendments to the Articles(Draft) and other relevant rules approved by EGM and the Class Meetings which will take effect on the date of the Issue of A Shares in the event they are challenged by CSRC, the stock exchange and other relevant regulatory authorities, or they conflict with the regulatory rules or documents promulgated by the CSRC, the stock exchange, and other relevant regulatory authorities;
- (viii) to deal with all filing and application matters relating to the Issue of A Shares, including without limitation, applying for approval from, register with, filing with, seeking approvals and consents from relevant governmental and regulatory authorities, the stock exchange and securities clearing institution in relation to the Issue of A Shares and to approve, amend, sign or execute any agreement, contract or other relevant legal document relating to the Issue of A Shares;
- (ix) to deal with all matters relating to the registration and clearing of the shares with China Securities Depository and Clearing Company Limited in accordance with the undertakings made by each Shareholder upon completion of the Issue of A Shares, including without limitation, the registration of equity trusteeship and locked circulated stock;
- (x) to prepare application files for the Issue of A Shares and to deal with all other related matters in connection with the Issue of A Shares.

The authorisation, if approved by the Shareholders at the EGM and the Class Meetings, shall be effective for a period of 18 months commencing from the date on which such approval is obtained.

This proposal is subject to approval by way of special resolution at the EGM and the Class Meetings, respectively.

(2) Use of proceeds from the Issue of A Shares

The proceeds raised from the Issue of A Shares (after deducting the relevant expenses) will be applied to the following projects, and the total estimated investment amount by the proceeds will be approximately RMB97,000,000:

- (i) the clinical research project of aminolevulinic acid hydrochloride acne treatment, with an estimated investment amount by the proceeds of approximately RMB20,000,000;
- (ii) the forth phase of clinical research project of the new drug Hemoporfin, with an estimated investment amount by the proceeds of approximately RMB22,000,000; and
- (iii) the construction project of the chemical medicine technology research and development centre, with an estimated investment amount by the proceeds of approximately RMB55,000,000.

The Company may, in accordance with the actual progress of each project, utilize its self-raised fund or bank loans to finance the aforesaid projects before the proceeds raised from the Issue of A Shares are available. After the proceeds raised from the Issue of A Shares are available, the Company will utilize the proceeds in strict compliance with relevant regulations and the proceeds can be used to repay the self-raised fund or bank loans previously invested by the Company in such projects and to pay the remaining amount of the projects.

In the event that the actual amount of proceeds raised from the Issue of A Shares is more than the total estimated amount of investment by the proceeds in the projects as set out above, the surplus will be used to supplement the working capital in relation to the principal business of the Company. In the event the proceeds raised from the Issue of A Shares are less than the total estimated amount of investment by the proceeds in the projects as set out above, the shortfall will be covered by the funds raised by the Company.

This proposal is subject to approval by way of special resolution at the EGM and the Class Meetings, respectively.

(3) Accumulated profit distribution plan before the Issue of A Shares

Excluding the distribution of annual profits, in order to protect the interest of both the existing and new Shareholders, the undistributed profits of the Company accumulated prior to the date of the Issue of A Shares will be shared by all the Shareholders upon completion of the Issue of A Shares in proportion to their respective shareholdings.

This proposal is subject to approval by way of special resolution at the EGM and the Class Meetings, respectively.

(4) Three-year dividend plan after the Issue of A Shares

On the basis of taking into full consideration of the actual operation of the Company and the needs of future development, the Company has formulated the Three-year Dividend Plan after the Issue of A Shares subject to the requirements of relevant laws and regulations, the main content of which includes making institutional arrangements on distributions of dividend for purpose of long-term and continuous development, providing the Shareholders with returns adhering to the basic principle of cash dividend, reviewing the Shareholders' Dividend Return Plan at least once every three years, and the ratio of cash dividend not less than 10% of the distributable profits of the year for each of three years after the Issue of A Shares.

This proposal is subject to approval by way of special resolution at the EGM and the Class Meetings, respectively.

(5) Price stabilization plan of A Shares within three years after the Issue of A Shares.

To protect the interest of investors, the Company has formulated the Price Stabilization Plan of A shares within Three Years after the Issue of A Shares according to the requirements of relevant laws and regulations. Under circumstances that the daily closing prices of A Shares of the Company for 20 consecutive trading days are lower than its latest audited net assets value per Share and the requirements of relevant regulatory authorities in relation to the repurchase of Shares and the increasing shareholding are satisfied by the Company simultaneously, the Company and relevant parties will take actions for stabilizing Share price, which may include the repurchase of Shares and increasing the shareholding by the relevant Directors and the senior management of the Company.

This proposal is subject to approval by Shareholders by way of special resolution at the EGM and the Class Meetings and shall become effective from completion of the Issue of A Shares and will be valid for three years from the date on which such approval is obtained.

(6) Undertakings on the matters in connection with the Issue of A Shares and putting forward restraining measures

The Company shall make relevant undertakings on the matters in connection with the Issue of A Shares and put forward restraining measures for failure to comply with such public undertakings in accordance with the requirements of relevant rules and regulations. The main contents of such undertakings and restraining measures include undertakings on the truth of the application documents for the Issue of A Shares and the restraining measures for failure to comply with public undertakings on the Issue of A Shares.

This proposal is subject to approval by way of special resolution at the EGM and the Class Meetings, respectively.

(7) The Articles (Draft) to be applicable and effective after the Issue of A Shares

The Company shall amend the exiting Articles after the Issue of A Shares in accordance with the requirements of relevant laws and regulations and adopt the amended Articles. The amended Articles shall become applicable and effective from the date of completion of the Issue of A Shares.

This proposal is subject to approval by way of special resolution at the EGM and the Class Meetings, respectively.

(8) Dilution of immediate return by the Issue of A Shares and recovery measures

According to the “*Opinions of the General Office of the State Council on Further Strengthening the Protection of Lawful Rights and Interests of Medium and Small Investors in the Capital Markets* 國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見” issued

by the General Office of the State Council, the Board has analysed the effect on the dilution of the immediate return by the Issue of A Shares and put forward specific measures of the recovery of immediate return.

The proposal is subject to approval by way of special resolution at the EGM and the Class Meetings, respectively.

(III) REASONS FOR THE ISSUE OF A SHARES

The Directors consider that the Issue of A Shares will enhance the corporate image of the Company, further broaden the Company's funding channels and increase the Company's working capital and recognitions of capital market by attracting large institutional and medium and small investors. The Directors also believe that the Issue of A Shares will be beneficial to the Company's business growth, financing flexibility and business development, and be beneficial to obtain more financial resources and improve the competitiveness of the Company, and be beneficial to the long term development of the Company.

The Directors consider that the Issue of A Shares is in the interests of the Company and the Shareholders as a whole.

(IV) EFFECTS OF THE ISSUE OF A SHARES ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that a total of 27,000,000 A Shares are to be issued, the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Issue of A Shares is as follow (assuming no other H Shares, Domestic Shares or A Shares are to be issued by the Company from the date of this announcement up to and including the date of completion of the Issue of A Shares):

	As at the date of this announcement		Immediately after completion of the Issue of A Shares	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Domestic Shares				
– existing Domestic Shares	583,000,000	63.16%	583,000,000	61.37%
– A Shares to be issued			27,000,000	2.84%
H Shares	340,000,000	36.84%	340,000,000	35.79%
Total	923,000,000	100%	950,000,000	100%

As at the date of this announcement, based on the publicly available information and to the Directors' knowledge, all the H Shares are held by the public and the Company has maintained a public float above 25% which satisfies the requirements under the Listing Rules. The Company undertakes that it will continue to comply with the public float requirement under the Listing Rules during the application process and after completion of the Issue of A Shares.

(V) FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

(VI) GENERAL

The Company will convene the EGM and the Class Meetings for the purpose of, among other things, seeking Shareholders' approval on (i) the proposed Issue of A Shares; (ii) the proposal on authorization to the Board to deal with matters relating to the Issue of A Shares; (iii) the proposal on use of proceeds from the Issue of A Shares; (iv) the proposal on accumulated profit distribution plan before the Issue of A Shares; (v) the proposal on three-year dividend distribution plan after the Issue of A Shares; (vi) the proposal on price stabilization plan of A Shares within three years after the Issue of A Shares; (vii) the proposal on undertakings on the matters in connection with the Issue of A Shares and putting forward restraining measures; (viii) the proposal on the Articles (Draft) to be applicable and effective after the Issue of A Shares; and (ix) the proposal on dilution of immediate return by the Issue of A Shares and recovery measures.

A circular containing, among other things, further details of the above matters, as well as the notices of the EGM and the Class Meetings respectively, will be despatched to the Shareholders in due course.

There is no assurance that the Issue of A Shares will proceed. Shareholders and investors are advised to exercise caution in dealings in the H Shares. Further details about the Issue of A Shares will be disclosed by the Company in due course.

DEFINITIONS

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

“A Share(s)”	the ordinary share(s) with a nominal value of RMB0.10 each in the share capital of the Company to be allotted, issued and listed on the Shanghai Stock Exchange
“Articles”	the articles of association of the Company
“Board”	the board of Directors

“Class Meetings”	the class meeting for holders of H Shares to be held immediately after the conclusion of the EGM, and the class meeting for holders of Domestic Shares to be held immediately after the conclusion of the said class meeting for holders of H Shares, or any adjourned meeting thereof respectively
“Company”	上海復旦張江生物醫藥股份有限公司 (Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co. Ltd.*), a company incorporated in the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to such term under the Listing Rules
“CSRC”	China Securities Regulatory Committee (中國證券監督管理委員會)
“Directors”	director(s) of the Company
“Domestic Share(s)”	ordinary domestic share(s) with a nominal value of RMB0.10 each in the share capital of the Company which are subscribed for in RMB
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve, among other things, (i) the proposed Issue of A Shares; (ii) the proposal on authorization to the Board to deal with matters relating to the Issue of A Shares; (iii) the proposal on use of proceeds from the Issue of A Shares; (iv) the proposal on accumulated profit distribution plan before the Issue of A Shares; (v) the proposal on three-year dividend distribution plan after the Issue of A Shares; (vi) the proposal on price stabilization plan of A Shares within three years after the Issue of A Shares; (vii) the proposal on undertakings on the matters in connection with the Issue of A Shares and putting forward restraining measures; (viii) the proposal on the Articles (Draft) to be applicable and effective after the Issue of A Shares; and (ix) the proposal on dilution of immediate return by the Issue of A Shares and recovery measures
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB0.10 each in the share capital of the Company which are listed on the Stock Exchange and are subscribed for and traded in HK\$
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Issue of A Shares” or “Issue”	the proposed issue of not more than 27,000,000 A Shares with a nominal value of RMB0.10 each, which will be listed on the Shanghai Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding the regions of Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
Wang Hai Bo
Chairman

As at the date on the publication of this announcement, the Board comprises:

Mr. Wang Hai Bo (*Executive Director*)
Mr. Su Yong (*Executive Director*)
Mr. Zhao Da Jun (*Executive Director*)
Ms. Ke Ying (*Non-executive Director*)
Mr. Shen Bo (*Non-executive Director*)
Ms. Yu Xiao Yang (*Non-executive Director*)
Mr. Zhou Zhong Hui (*Independent Non-executive Director*)
Mr. Lam Yiu Kin (*Independent Non-executive Director*)
Mr. Xu Qing (*Independent Non-executive Director*)

Shanghai, the PRC
29 May 2015

* *For identification purpose only*