

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)

SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS -SALES AND DISTRIBUTION AGREEMENT WITH SHANGHAI PHARMACEUTICAL DISTRIBUTION

Reference is made to the announcement (the "**Announcement**") of Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.* (the "**Company**") dated 18 March 2016 in relation to the Sales and Distribution Agreement with Shanghai Pharmaceuticals Distribution and the continuing connected transaction contemplated thereunder. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

The Board would like to provide additional information to the Shareholders in relation to the Sales and Distribution Agreement as follows:

Pricing Policy

As disclosed in the Announcement, the price of the pharmaceutical products to be sold by the Company to Shanghai Pharmaceutical Distribution shall be determined with reference to the government-prescribed price of a particular pharmaceutical product as prescribed by the local statutory pricing authorities (for instance, the local price bureau) which will be adjusted by a reasonable profit margin of Shanghai Pharmaceutical Distribution for provision of sales and distribution services. The abovementioned reasonable profit margin of Shanghai Pharmaceutical Distribution, shall be determined with reference to (i) the profit margin of a comparable quantity of the similar products sold to at least two independent third parties by the Company at the same period; and (ii) the profit margin of a comparable quantity of the similar products sold to Shanghai Pharmaceutical Distribution by the Company in past transactions.

Such profit margin of Shanghai Pharmaceutical Distribution will be within a range from 5% to 10% of the government-prescribed price of the particular pharmaceutical product as prescribed by the local statutory pricing authorities.

Credit Period of Trade Receivables

As disclosed in the Announcement, pursuant to the Sales and Distribution Agreement, the Company has agreed to authorise Shanghai Pharmaceutical Distribution to sell and distribute the pharmaceutical products of the Company within Shanghai during the Contractual Period.

The credit period granted to Shanghai Pharmaceutical Distribution in respect of the trade receivables generated under the Sales and Distribution Agreement will not exceed 4 months, which is consistent with the credit period granted to other customers of the Company.

The Directors (including the independent non-executive Directors) are also of the view that the abovementioned pricing policy and the credit period of trade receivables are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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

21 March 2016

** For identification purpose only*