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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 limited company incorporated in the People's Republic of China)

(Stock code: 8231)

ANNOUNCEMENT IN RELATION TO PUBLIC FLOAT

The Company wishes to announce that once the Administrative Allocation becomes effective, the public float of the Company will fall below 25% of the entire issued share capital of the Company. The Company is now exploring possible means to deal with the forthcoming insufficient public float issue. Further announcement will be made in due course in case the Administrative Allocation becomes effective.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

The Board of the Company wishes to announce that the public float of the Company will fall below the Minimum Prescribed Percentage to approximately 17.95% after the Administrative Allocation becomes effective.

BACKGROUND

By a notice dated 1 July 2008, the Shanghai City State-owned Assets Supervision and Administration Commission approved the transfer of 60% equity interests in SP2 to SIIC2 for nil consideration, subject to the approval by other relevant government authorities of the PRC (the “Administrative Allocation”). As at the date of this announcement, the Administrative Allocation is still under the process of approval by the relevant government authorities and is not yet effective.

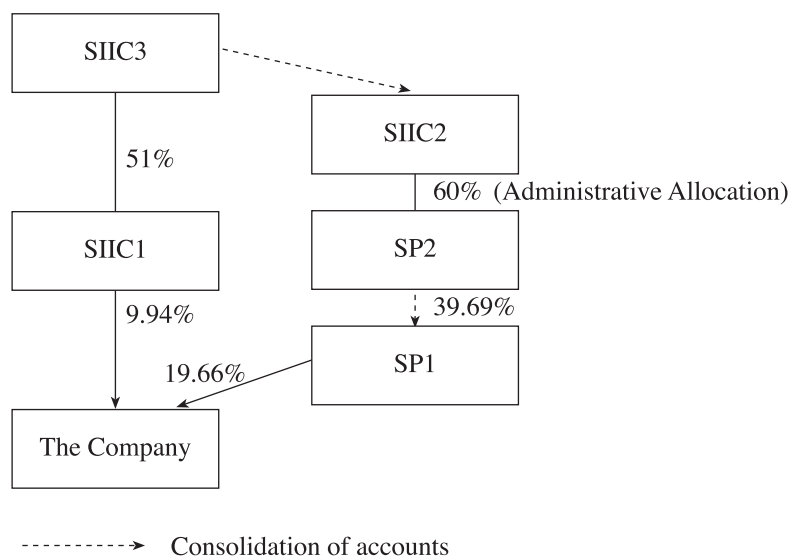
The Company has all along maintained the Minimum Prescribed Percentage. All H shares of the Company have all along been in the hands of the public, which accounts for 27.89% of the entire issued share capital of the Company since the listing of the Company.

SP2, the controlling shareholder of SP1 (which holds 39.69% equity interest of SP1) indirectly holds 139,578,560 domestic shares of the Company or approximately 19.66% of the issued share capital of the Company. Although SP2 only holds 39.69% equity interest in SP1, the accounts of SP1 are consolidated into the accounts of SP2.

SIIC1 indirectly holds 70,564,000 H shares of the Company or approximately 9.94% of the issued share capital of the Company through its subsidiaries.

Once the Administrative Allocation becomes effective, SIIC3 by virtue of its interest as the holding company of SIIC1 and the indirect holding of SP1, holds an aggregate of 29.60% equity interest in the Company. It will become the substantial shareholder and a connected person of the Company and the 9.96% equity interest, by reason of its being H shares, will not be counted towards forming the public float of the Company. As a result, the public float percentage of the Company will be lowered to 17.95% (being the current float 27.89% minus the 9.94% held by SIIC3)

Set out below is a chart showing the shareholders and beneficial owner of each of 9.94% and 19.66% shareholdings of the Company once the Administrative Allocation becomes effective:



Notes:

- (1) the holding company of SIIC1 is SIIC3, which holds a 51% equity interest in SIIC1;
- (2) as stated above, although SP2 only has a 39.69% equity interest in SP1, the accounts of SP1 are consolidated into the accounts of SP2;
- (3) the accounts of SIIC2 are consolidated into the accounts of SIIC3, although SIIC3 does not have any shareholding in SIIC2;

- (4) by virtue of the consolidation of SP1 into the accounts of SP2 and the consolidation of the accounts of SIIC2 into the accounts of SIIC3, SIIC3 therefore indirectly holds the 9.94% shareholding (through its 51% equity interest in SIIC1) and the 19.66% shareholding in the Company.

The Company is now exploring possible means in dealing with the forthcoming insufficient public float issue, including but not limited to the possibility of restoring the public float. Further announcement will be made in due course in case the Administrative Allocation becomes effective.

DEFINITION

In this announcement, unless otherwise defined, the following terms shall have the following meaning:

“Administrative Allocation”	the transfer of 60% equity interests in SP2 to SIIC2 for nil consideration by a notice dated 1 July 2008 from Shanghai City State-owned Assets Supervision and Administration Commission, subject to the approvals by other relevant government authorities of the PRC
“Board”	the board of Directors of the Company
“Company”	Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (上海復旦張江生物醫藥股份有限公司), a joint stock limited company incorporated in the PRC, whose H shares are listed on the GEM Board of the Stock Exchange
“Directors”	the directors of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM
“Minimum Prescribed Percentage”	the minimum prescribed percentage as required by Rule 11.23(7) of the GEM Listing Rules
“PRC”	the People’s Republic of China
“Shareholder(s)”	holders of the shares of the Company

“SIIC1”	Shanghai Industrial Holdings Limited (上海實業控股有限公司) (Stock code 363), a company incorporated in Hong Kong with limited liability whose shares are listed on the Main Board of the Stock Exchange
“SIIC2”	SIIC Shanghai (Holdings) Co., Ltd (上海上實 (集團) 有限公司), a company incorporated in the PRC with limited liability
“SIIC3”	Shanghai Industrial Investment (Holdings) Co., Ltd. (上海實業(集團)有限公司), a company incorporated in Hong Kong with limited liability
“SP1”	Shanghai Pharmaceutical Co., Ltd. (上海市醫藥股份有限公司) (Stock code 600849), a joint stock limited company incorporated in the PRC whose A shares are listed on the Shanghai Stock Exchange
“SP2”	Shanghai Pharmaceutical (Group) Corporation (上海醫藥 (集團) 有限公司), a company incorporated in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Wang HaiBo
Chairman

As at the date thereof, the Board comprises:

Mr. Wang Hai Bo (Executive Director)
Mr. Su Yong (Executive Director)
Mr. Zhao Da Jun (Executive Director)
Ms. Fang Jing (Non-executive Director)
Mr. Zhou Jie (Non-executive Director)
Mr. Guo Jun Yu (Non-executive Director)
Mr. Hao Hong Quan (Non-executive Director)
Mr. Zhu Ke Qin (Non-executive Director)
Mr. Pan Fei (Independent non-executive Director)
Mr. Cheng Lin (Independent non-executive Director)
Mr. Weng De Zhang (Independent non-executive Director)

Shanghai, the PRC

28 August 2008

* *For identification purpose only*

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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