
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this supplemental circular or as to the action you should take, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Pharmaceuticals Holding Co., Ltd.*, you should at once hand this supplemental circular and the accompanying updated proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PURCHASE OF LIABILITY INSURANCE
FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RULES OF
PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING
ELECTION OF NON-INDEPENDENT DIRECTORS OF
THE EIGHTH SESSION OF THE BOARD OF DIRECTORS
ELECTION OF INDEPENDENT DIRECTORS OF THE EIGHTH SESSION OF
THE BOARD OF DIRECTORS
ELECTION OF SUPERVISORS OF
THE EIGHTH SESSION OF THE BOARD OF SUPERVISORS
AND
SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

The AGM of the Company will be held as originally scheduled at Jeurong Grand Ballroom, 3rd Floor, Jeurong Hotel Shanghai, No. 80 Minghong Road, Minghang District, Shanghai, the PRC on 29 June 2023 at 14:00.

This supplemental circular (the “**Supplemental Circular**”) should be read in conjunction with the Company’s circular of the AGM dated 7 June 2023. An updated proxy form containing the originally proposed resolutions and additional proposed resolutions is also enclosed.

Holders of H Shares who intend to attend the AGM by proxy are required to complete the updated proxy form in accordance with the instructions printed thereon and return the same to the H share registrar of the Company, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen’s Road Central, Hong Kong not less than 24 hours before the time appointed for the AGM or any adjournment thereof. Completion and return of the updated proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof in person.

14 June 2023

* For identification purpose only

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LETTER FROM THE BOARD



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)

Executive Directors:

Mr. CHO Man
Mr. LI Yongzhong
Mr. SHEN Bo

Registered Address:

No. 92 Zhangjiang Road
Pilot Free Trade Zone
China (Shanghai)

Non-executive Directors:

Mr. ZHOU Jun
Mr. GE Dawei
Ms. LI An

Principal Place of Business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Independent Non-executive Directors:

Mr. CAI Jiangnan
Mr. HONG Liang
Mr. GU Zhaoyang
Mr. Manson FOK

To the Shareholders

Dear Sir or Madam,

**PURCHASE OF LIABILITY INSURANCE
FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RULES OF
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LETTER FROM THE BOARD

1. INTRODUCTION

Shanghai Industrial Investment (Holdings) Co., Ltd., the Controlling Shareholder of the Company, proposed to submit the proposal in relation to re-election of the Board and the Board of Supervisors, relevant proposal in relation to purchase of liability insurance and the proposal in relation to amendments to the Articles of Association as supplemental proposals to the AGM for consideration. The purpose of this Supplemental Circular is to provide you with a supplemental notice of the AGM (the “**Supplemental Notice**”) and to provide information on the additional resolutions to be considered at the AGM to enable you to make an informed decision on voting for or against the resolutions at the AGM.

This Supplemental Circular should be read in conjunction with the circular of the Company dated 7 June 2023. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as defined in the circular dated 7 June 2023.

In addition to the proposals disclosed in the circular dated 7 June 2023 and the notice of the AGM, the proposals to be proposed at the AGM for the Shareholders to approve by way of ordinary resolution will also include: (8) proposal regarding the purchase of liability insurance for Directors, Supervisors and senior management of the Company; proposals to be approved by way of special resolutions will also include: (13) proposals regarding the amendments to the Articles of Association and Rules of Procedure of Shareholders’ General Meeting; proposals to be approved by way of ordinary resolutions through cumulative voting will include: (14) proposal regarding the election of non-independent Directors of the eighth session of the Board of Directors; (15) proposal regarding the election of Independent Directors of the eighth session of the Board of Directors; and (16) proposal regarding the election of Supervisors of the eighth session of the Board of Supervisors.

Except the corresponding adjustment to the serial number of resolutions, other information contained in the circular of the Company dated 7 June 2023 and the notice of the AGM remains unchanged.

2. PROPOSAL REGARDING THE PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

According to C.1.8 of code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules and Article 24 of the Code of Corporate Governance for Listed Companies, listed companies should arrange appropriate insurance cover in respect of legal action against their directors. The Company proposes to buy liability insurance with a total annual premium of no more than US\$150,000 for the purpose of protecting Directors, Supervisors and senior management from the legal and regulatory risks arising from their performance of duties, with the final premium amount to be negotiated and agreed upon between and by the Company and insurers.

The above matter is proposed to the Shareholders’ general meeting for consideration and authorization to the management of the Company to engage insurers, determine insurance terms, sign related liability insurance agreements and decide whether or not to renew such liability insurance agreements or buy liability insurance from other insurers upon or before expiration of such liability insurance agreements and subject to the aforementioned US\$150,000 premium ceiling.

LETTER FROM THE BOARD

3. PROPOSAL REGARDING THE AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING

According to the relevant provisions of the Securities Law of the PRC, the Guidance on the Articles of Association of Listed Companies (《上市公司章程指引》), Rules for General Meetings of Listed Companies (《上市公司股東大會規則》), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Hong Kong Listing Rules and the current actual situation of the Company, reviewed by the 33rd and 39th meetings of the seventh session of the Board of Directors respectively, the Board proposed the following amendments to the articles of association of the Company and the rules of procedure of the shareholders' general meeting of the Company (the “**Rules of Procedure of the Shareholders' General Meeting**”):

ARTICLES OF ASSOCIATION	
Original Text	Amended to
<p>Article 21 Following an approval (Zheng Jian Xu Ke [2011] No.533) issued by the CSRC, the Company shall issue no less than 664,214,446 H Shares, and may issue no more than 763,846,613 shares (including 99,632,167 over-allotment shares) if the Company exercises an over-allotment option, on April 12, 2011.</p> <p>.....</p> <p>As at January 26, 2018, upon the completion of placing and registration of new H shares under the general mandate, the number of the Company's shares shall be 2,842,089,322 in total, among which there shall be 1,923,016,618 Domestic Shares and shall be 919,072,704 Foreign Shares listed outside the PRC (H Shares).</p>	<p>Article 21 Following an approval (Zheng Jian Xu Ke [2011] No.533) issued by the CSRC, the Company shall issue no less than 664,214,446 H Shares, and may issue no more than 763,846,613 shares (including 99,632,167 over-allotment shares) if the Company exercises an over-allotment option, on April 12, 2011.</p> <p>.....</p> <p>As at January 26, 2018May 31, 2023, upon the completion of placing and registration of new H shares under the general mandate the number of the Company's shares shall be 2,842,089,3222,702,788,059 in total, among which there shall be 1,923,016,6182,783,715,355 Domestic Shares and shall be 919,072,704 Foreign Shares listed outside the PRC (H Shares).</p>
<p>Article 24 Prior to the first issuance of H Shares, the registered capital of the Company is RMB 1,992,643,338 (Renminbi one billion nine hundred and ninety-two million six hundred and forty-three thousand three hundred and thirty-eight yuan). After the first issuance of H Shares, the registered capital of the Company shall be increased to RMB2,688,910,538 (Renminbi two billion six hundred and eighty-eight million nine hundred and ten thousand five hundred and thirty-eight yuan). As at</p>	<p>Article 24 Prior to the first issuance of H Shares, the registered capital of the Company is RMB 1,992,643,338 (Renminbi one billion nine hundred and ninety-two million six hundred and forty-three thousand three hundred and thirty-eight yuan). After the first issuance of H Shares, the registered capital of the Company shall be increased to RMB2,688,910,538 (Renminbi two billion six hundred and eighty-eight million nine hundred and ten thousand five hundred and thirty-eight yuan). As at</p>

LETTER FROM THE BOARD

ARTICLES OF ASSOCIATION	
Original Text	Amended to
<p>January 26, 2018, upon the completion of placing and registration of new H shares under the general mandate, the registered capital of the Company increased to RMB2,842,089,322 (Renminbi two billion eight hundred and forty-two million eighty-nine thousand three hundred and twenty-two yuan). The change of the Company's registered capital shall be fulfilled with the registered procedures of the competent administration for industry and commerce.</p>	<p>January 26 2018<u>May 31, 2023, upon the completion of placing and registration of new H shares under the general mandate</u> the registered capital of the Company increased to RMB2,842,089,322<u>3,702,788,059</u> (Renminbi two billion eight hundred and forty two million eighty nine thousand three hundred and twenty two yuan <u>three billion seven hundred and two million seven hundred and eighty-eight thousand and fifty-nine</u> yuan). The change of the Company's registered capital shall be fulfilled with the registered procedures of the competent administration for industry and commerce.</p>
<p>Article 37 If any of the Company's directors, supervisors, senior management or shareholders holding more than five (5%) of the total number of the Company's shares sells the Company's shares held by him/her within six (6) months after he/she buys the same, or buys the Company's shares held by him/her within six (6) months after he/she sells the same, the proceeds therefrom shall be owned by the Company and taken back by the Board. However, where a securities company holds more than five (5%) of the total number of the Company's shares as a result of purchase of all the left-over shares as a sole underwriter, its resale of the said shares shall be exempted from the above-mentioned restriction of six (6) months.</p> <p>If the Board of the Company fails to implement in accordance with the preceding paragraph, the shareholders shall have the right to ask the Board to implement within thirty (30) days. If the Board of the Company fails to implement within the above-mentioned time limit, the</p>	<p>Article 37 If any of the Company's directors, supervisors, senior management or shareholders holding more than five (5%) of the total number of the Company's shares sells the Company's shares <u>or other securities of an equity nature</u> held by him/her within six (6) months after he/she buys the same, or buys the Company's shares held by him/her within six (6) months after he/she sells the same, the proceeds therefrom shall be owned by the Company and taken back by the Board. However, where a securities company holds more than five (5%) of the total number of the Company's shares as a result of purchase <u>and underwriting</u> of all the left-over shares as a sole underwriter its resale of the said shares shall be exempted from the above mentioned restriction of six (6) months, and other circumstances stipulated by the CSRC shall be exempted.</p> <p><u>The above-mentioned shares or other equity securities held by directors, supervisors, senior management, or natural person shareholders include shares or other equity</u></p>

LETTER FROM THE BOARD

ARTICLES OF ASSOCIATION	
Original Text	Amended to
<p>shareholders shall have the right to initiate a lawsuit in its own name before a people's court in the interest of the Company.</p> <p>If the Board of the Company fails to implement in accordance with the first paragraph above, the responsible directors shall undertake joint and several liability in accordance with law.</p>	<p><u>securities held by their spouse, parents, children and through other people's accounts.</u></p> <p>If the Board of the Company fails to implement in accordance with the preceding paragraph <u>1 of this article</u>, the shareholders shall have the right to ask the Board to implement within thirty (30) days. If the Board of the Company fails to implement within the above-mentioned time limit, the shareholders shall have the right to initiate a lawsuit in its own name before a people's court in the interest of the Company.</p> <p>If the Board of the Company fails to implement in accordance with the first paragraph above, the responsible directors shall undertake joint and several liability in accordance with law.</p>
<p>Article 66 The following external guarantees to be provided by the Company and its controlled subsidiaries shall be approved by the shareholders' general meetings:</p> <p>(i) any single guarantee which amounts to more than ten percent (10%) of the Company's audited net assets in the latest period;</p> <p>(ii) any guarantee provided after the external guarantee balance of the Company and its controlled subsidiaries exceeds forty percent (40%) of the Company's audited net assets in the latest period;</p> <p>(iii) any guarantee provided to the guaranteed party whose debt asset ratio exceeds seventy percent (70%);</p> <p>(iv) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the</p>	<p>Article 66 The following external guarantees to be provided by the Company and its controlled subsidiaries shall be approved by the shareholders' general meetings:</p> <p>(i) any single guarantee which amounts to more than ten percent (10%) of the Company's audited net assets in the latest period;</p> <p><u>(ii) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period;</u></p> <p>(iii) any guarantee provided after the external guarantee balance of the Company and its controlled subsidiaries exceeds forty percent (40%) of the Company's audited net assets in the latest period;</p> <p>(iiiiv) any guarantee provided to the guaranteed party whose debt asset ratio exceeds seventy percent (70%);</p>

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ARTICLES OF ASSOCIATION	
Original Text	Amended to
<p>principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(v) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of fifty percent (50%) of the Company's audited net assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(vi) any guarantee which shall be approved by the shareholders' general meeting under the laws, regulations, listing rules of related stock exchanges and this AOA of the Company.</p> <p>The Company and its controlled subsidiaries shall not provide any guarantee to their shareholders, de facto controller and affiliates, except those between the Company and its controlled subsidiaries or among its controlled subsidiaries.</p>	<p>(iv) any guarantee provided afterwith the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(v) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of fifty percent (50%) of the Company's audited net assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(vi) any guarantee which shall be approved by the shareholders' general meeting under the laws, regulations, listing rules of related stock exchanges and this AOA of the Company.</p> <p>The Company and its controlled subsidiaries shall not provide any guarantee to their shareholders, de facto controller and affiliates, except those between the Company and its controlled subsidiaries or among its controlled subsidiaries.</p> <p><u>Provision of guarantees of the Company to the connected parties (excluding shareholders, de facto controller and their connected parties), subject to consideration and approval of more than half of all non-connected directors, shall be considered and approved by more than two-thirds (2/3) of the non-connected directors present at the Board meeting with passing of a resolution, which shall be submitted to the general meeting for consideration.</u></p>

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ARTICLES OF ASSOCIATION	
Original Text	Amended to
<p>Article 109 The following matters shall be resolved by a special resolution at a shareholders' general meeting:</p> <p>(i) the increase or reduction of registered capital of the Company;</p> <p>(ii) the repurchase by the Company of its own shares and the issue of shares of any class, warrants and other similar securities;</p> <p>(iii) the division, merger, dissolution, liquidation of the Company;</p> <p>(iv) amendments to this AOA;</p> <p>(v) any asset disposal by the Company and its controlled subsidiaries (other than those arising out of daily operating action, and excluding those between the Company and its controlled subsidiaries or between the Company's controlled subsidiaries), the aggregate asset amount or transaction amount of which exceeds thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months, whether the subjects of transactions are related or not;</p> <p>(vi) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(vii) any share incentive scheme;</p> <p>(viii) any issuance of corporate bonds; and</p> <p>(ix) any other matters stipulated by law,</p>	<p>Article 109 The following matters shall be resolved by a special resolution at a shareholders' general meeting:</p> <p>(i) the increase or reduction of registered capital of the Company;</p> <p>(ii) the repurchase by the Company of its own shares and the issue of shares of any class, warrants and other similar securities;</p> <p>(iii) the division, spin-off, merger, dissolution, liquidation of the Company;</p> <p>(iv) amendments to this AOA;</p> <p>(v) any asset disposal by the Company and its controlled subsidiaries (other than those arising out of daily operating action, and excluding those between the Company and its controlled subsidiaries or between the Company's controlled subsidiaries), the aggregate asset amount or transaction amount of which exceeds thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months, whether the subjects of transactions are related or not;</p> <p>(vi) any guarantee provided after-with the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(vii) any share incentive scheme;</p> <p>(viii) any issuance of corporate bonds; and</p> <p>(ix) any other matters stipulated by law,</p>

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ARTICLES OF ASSOCIATION	
Original Text	Amended to
<p>administrative regulations or this AOA, and matters considered by the shareholders' general meeting, by means of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.</p>	<p>administrative regulations or this AOA, and matters considered by the shareholders' general meeting, by means of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.</p>
<p>Article 135 Directors shall be elected or removed by the shareholders' general meeting and may be dismissed by the Shareholders' general meeting prior to the expiration of their term of office, which is three years. Upon the expiry, a director is eligible for re-appointment subject to re-election.</p> <p>.....</p> <p>The number of directors elected for each session shall be no less than the number as specified in this AOA, and no more than the maximum number determined by the shareholders' general meeting through ordinary resolution. If the number of directors voted for is above the proposed maximum number of directors, the candidate with the higher votes will be elected in accordance with the proposed maximum number of directors.</p> <p>The term of office of a director who is appointed by the Board to fill a casual vacancy of the Board or to increase the number of directors shall end at the next annual shareholders' general meeting and such director shall be entitled to be re-elected at that time.</p> <p>.....</p>	<p>Article 135 Directors shall be elected or removed by the shareholders' general meeting and may be dismissed by the Shareholders' general meeting prior to the expiration of their term of office, which is three years. Upon the expiry, a director is eligible for re-appointment subject to re-election.</p> <p>.....</p> <p>The number of directors elected for each session shall be no less than the number as specified in this AOA, and no more than the maximum number determined by the shareholders' general meeting through ordinary resolution. If the number of directors voted for is above the proposed maximum number of directors, the candidate with the higher votes will be elected in accordance with the proposed maximum number of directors.</p> <p>The term of office of a director who is appointed by the Board to fill a casual vacancy of the Board or to increase the number of directors shall end at the next-first annual shareholders' general meeting <u>after his/her appointment</u> and such director shall be entitled to be re-elected at that time.</p> <p>.....</p>

LETTER FROM THE BOARD

ARTICLES OF ASSOCIATION	
Original Text	Amended to
<p>Article 145 The Board comprises 10 directors in which, among others, there shall be five (5) external directors (i.e. those not holding any position in the Company) and 4 independent directors (satisfied relevant laws, regulations and independence requirements stipulated in the Rules Governing the Listing of Securities on the Stock Exchange). External directors shall account for at least one-half (1/2) of the Board, and independent directors shall account for at least one-third (1/3) of the Board; and at least one independent director shall be of accounting professional (i.e. those holding senior professional title or CPA qualification); and at least one independent director must be ordinarily resident in Hong Kong.</p> <p>Upon unanimous agreement by all the directors, the Board shall have an executive committee, comprising 3 or 4 executive directors, to perform its duties in accordance with this AOA.</p>	<p>Article 145 The Board comprises 10 directors in which, among others, there shall be five (5) external directors (i.e. those not holding any position in the Company) and 4 independent directors (satisfied relevant laws, regulations and independence requirements stipulated in the Rules Governing the Listing of Securities on the Stock Exchange). External directors shall account for at least one-half (1/2) of the Board, and independent directors shall account for at least one-third (1/3) of the Board; and at least one independent director shall be of accounting professional (i.e. those holding senior professional title or CPA qualification); and at least one independent director must be ordinarily resident in Hong Kong.</p> <p>Upon unanimous agreement by all the directors, the Board shall have an executive committee, comprising 3 or 4 executive directors, to perform its duties in accordance with this AOA.</p>
<p>Article 175 In order to make the independent directors play an active role, the independent directors shall have the following special powers other than those granted to directors by the Company Law and other relevant laws and regulations:</p> <p>(i) connected transactions that the Company intends to conclude with the connected party and whose total value exceeds RMB three (3) million and accounts for more than zero point five percent (0.5%) of the absolute value of the latest audited Company's net assets (other than the provision of external guarantees by the Company) shall be approved by the independent directors before being submitted to the Board for discussion. Before the independent directors make judgment, an intermediary agency can be employed to produce a report of independent financial advisor, which will serve as the basis for the independent directors' judgment;</p>	<p>Article 175 In order to make the independent directors play an active role, the independent directors shall have the following special powers other than those granted to directors by the Company Law and other relevant laws and regulations:</p> <p>(i) connected transactions that the Company intends to conclude with the connected party and whose total value exceeds RMB three (3) million and accounts for more than zero point five percent (0.5%) of the absolute value of the latest audited Company's net assets (other than the provision of external guarantees by the Company) shall be approved by the independent directors before being submitted to the Board for discussion. Before the independent directors make judgment, an intermediary agency can be employed to produce a report of independent financial advisor, which will serve as the basis for the independent directors' judgment;</p>

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ARTICLES OF ASSOCIATION	
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<p>(ii) the independent directors can put forward the proposal to the Board relating to the appointment or removal of the accounting firm;</p> <p>(iii) the independent directors can propose to the Board to call an extraordinary shareholders' general meeting;</p> <p>(iv) the independent directors can propose to call a meeting of the Board;</p> <p>(v) the independent directors can appoint the external auditing or consulting organization independently;</p> <p>Consent from over 1/2 of all the independent directors shall be obtained if the independent directors desire to exercise the above-mentioned power.</p>	<p>(ii) the independent directors can put forward the proposal to the Board relating to the appointment or removal of the accounting firm;</p> <p>(iii) the independent directors can propose to the Board to call an extraordinary shareholders' general meeting;</p> <p>(iv) the independent directors can propose to call a meeting of the Board;</p> <p><u>(v) the independent directors can openly solicit voting rights from shareholders before a general meeting;</u></p> <p><u>(vvi) the independent directors can appoint the external auditing or consulting organization independently <u>to provide auditing and consulting services on specific matters of the Company;</u></u></p> <p>Consent from over 1/2 of all the independent directors shall be obtained if the independent directors desire to exercise the above-mentioned power. <u>powers under the above items (i) to (v); the exercise of the power under item (vi) shall be subject to the consent from all the independent directors.</u></p> <p><u>Matters related to items (i) and (ii) may not be submitted to the Board of Directors for discussion unless being consented by not less than one half of the independent director.</u></p> <p><u>If the proposals set out in the paragraph 1 of this article are refused or the functions and powers are unable to be exercised, the Company shall disclose the information concerned.</u></p>

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ARTICLES OF ASSOCIATION	
Original Text	Amended to
<p>Article 254 The remuneration of an accounting firm or the manner in which such accounting firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board shall be determined by the Board.</p>	<p>Article 254 The remuneration of an accounting firm or the manner in which such accounting firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board shall be determined by the Board.</p>

RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Original Text	Amended to
<p>Article 5 The following external guarantees to be provided by the Company and its controlled subsidiaries shall be approved by the shareholders' general meetings:</p> <p>(i) any single guarantee which amounts to more than ten percent (10%) of the Company's audited net assets in the latest period;</p> <p>(ii) any guarantee provided after the external guarantee balance of the Company and its controlled subsidiaries exceeds forty percent (40%) of the Company's audited net assets in the latest period;</p> <p>(iii) any guarantee provided to the guaranteed party whose debt asset ratio exceeds seventy percent (70%);</p> <p>(iv) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(v) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of fifty percent (50%) of the Company's audited net</p>	<p>Article 5 The following external guarantees to be provided by the Company and its controlled subsidiaries shall be approved by the shareholders' general meetings:</p> <p>(i) any single guarantee which amounts to more than ten percent (10%) of the Company's audited net assets in the latest period;</p> <p><u>(ii) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period;</u></p> <p>(iii) any guarantee provided after the external guarantee balance of the Company and its controlled subsidiaries exceeds forty percent (40%) of the Company's audited net assets in the latest period;</p> <p>(iiiiv) any guarantee provided to the guaranteed party whose debt asset ratio exceeds seventy percent (70%);</p> <p>(ivv) any guarantee provided after <u>with</u> the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve</p>

LETTER FROM THE BOARD

RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Original Text	Amended to
<p>assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(vi) any guarantee which shall be approved by the shareholders' general meeting under the laws, regulations, listing rules of related stock exchanges and the AOA.</p> <p>The Company and its controlled subsidiaries shall not provide any guarantee to their shareholders, de facto controller and affiliates, except those between the Company and its controlled subsidiaries or among its controlled subsidiaries.</p>	<p>(12) consecutive months;</p> <p>(vi) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of fifty percent (50%) of the Company's audited net assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(vii) any guarantee which shall be approved by the shareholders' general meeting under the laws, regulations, listing rules of related stock exchanges and the AOA.</p> <p>The Company and its controlled subsidiaries shall not provide any guarantee to their shareholders, de facto controller and affiliates, except those between the Company and its controlled subsidiaries or among its controlled subsidiaries.</p> <p><u>Provision of guarantees of the Company to the connected parties (excluding shareholders, de facto controller and their connected parties), subject to consideration and approval of more than half of all non-connected directors, shall be considered and approved by more than two-thirds (2/3) of the non-connected directors present at the Board meeting with passing of a resolution, which shall be submitted to the general meeting for consideration.</u></p>

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RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Original Text	Amended to
<p>Article 52 The following matters shall be adopted by a special resolution at a shareholders' general meeting:</p> <p>(i) the increase or reduction of registered capital of the Company;</p> <p>(ii) the repurchase by the Company of its own Shares and the issue of Shares of any class, warrants and other similar securities;</p> <p>(iii) the division, merger, dissolution, liquidation of the Company;</p> <p>(iv) amendments to the AOA;</p> <p>(v) any asset disposal by the Company and its controlled subsidiaries (other than those arising out of daily operating action, and excluding those between the Company and its controlled subsidiaries or between the Company's controlled subsidiaries), the aggregate asset amount or transaction amount of which exceeds thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months, whether the subjects of transactions are related or not;</p> <p>(vi) any guarantee provided after the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(vii) any share incentive scheme;</p> <p>(viii) any issuance of corporate bonds; and</p> <p>(ix) any other matters stipulated by law, administrative regulations or the AOA, and</p>	<p>Article 52 The following matters shall be adopted by a special resolution at a shareholders' general meeting:</p> <p>(i) the increase or reduction of registered capital of the Company;</p> <p>(ii) the repurchase by the Company of its own Shares and the issue of Shares of any class, warrants and other similar securities;</p> <p>(iii) the division, spin-off, merger, dissolution, liquidation of the Company;</p> <p>(iv) amendments to the AOA;</p> <p>(v) any asset disposal by the Company and its controlled subsidiaries (other than those arising out of daily operating action, and excluding those between the Company and its controlled subsidiaries or between the Company's controlled subsidiaries), the aggregate asset amount or transaction amount of which exceeds thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months, whether the subjects of transactions are related or not;</p> <p>(vi) any guarantee provided after with the total external guarantee amount of the Company and its controlled subsidiaries in excess of thirty percent (30%) of the Company's audited total assets in the latest period based on the principle of cumulative calculation for twelve (12) consecutive months;</p> <p>(vii) any share incentive scheme;</p> <p>(viii) any issuance of corporate bonds; and</p> <p>(ix) any other matters stipulated by law, administrative regulations or the AOA, and</p>

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RULES OF PROCEDURE OF THE SHAREHOLDERS' GENERAL MEETING	
Original Text	Amended to
matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.	matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.

This proposal shall be effective upon approval by the Shareholders' general meeting as a special resolution.

4. PROPOSAL REGARDING THE ELECTION OF NON-INDEPENDENT DIRECTORS OF THE EIGHTH SESSION OF THE BOARD OF DIRECTORS

Reference is made to the announcement of the Company dated 14 June 2023 in relation to the proposed election of Directors and Supervisors. The Board nominated Mr. SHEN Bo, Mr. LI Yongzhong and Mr. DONG Ming as candidates for executive Directors of the eighth session of the Board, and nominated Mr. ZHOU Jun, Mr. YAO Jiayong and Mr. CHEN Fashu as candidates for non-executive Directors of the eighth session of the Board, for a term of three years from the date of approval at the Shareholders' general meeting.

The proposal regarding the election of non-independent Directors of the eighth session of the Board will be submitted to the Shareholders' general meeting as an ordinary resolution for consideration and voting by means of cumulative voting.

The biographies of Mr. ZHOU Jun, Mr. SHEN Bo and Mr. LI Yongzhong are set out in the Company's 2022 Annual Report. As at the date of the Supplemental Notice, there has been no significant change to these biographies. The biographies of Mr. YAO Jiayong, Mr. CHEN Fashu and Mr. DONG Ming are as follows:

Mr. YAO Jiayong was born in May 1966. He graduated from the Second Military Medical University with a bachelor's degree in pharmacy and obtained a master's degree in military science from the National Defense University with major in the military political work. He is currently the deputy secretary to the Party Committee and the supervisor of Shanghai Industrial Investment (Holdings) Co., Ltd.. He served as the secretary to the Party Committee of the Naval Medicine Department and a member of the Party Committee of the Second Military Medical University, the deputy director, director, deputy inspector, a member of and deputy secretary to the Party Committee of the Shanghai Financial Work Party Committee Office, secretary general of the Shanghai Financial Services Office and the secretary of the Disciplinary Committee of Shanghai Industrial Investment (Holdings) Co., Ltd., etc.

Mr. CHEN Fashu was born in October 1960. He is currently the chairman of the board of directors of the Fujian Fashu Charity Foundation, the legal representative and the chairman of New Huadu Industrial Group Co., Ltd. and the director of Yunnan Baiyao Group Co., Ltd. (a company listed on

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the Shenzhen Stock Exchange with stock code 000538). He successively served as a member of the All China Youth Federation, a member of the Ninth Executive Committee of the All-China Federation of Industry and Commerce, a member of the Ninth and Tenth Fujian Provincial Committee of the Chinese People's Political Consultative Conference, the chairman of the Direct Committee of Fujian Federation of Industry and Commerce, the chairman of Yunnan Baiyao Holdings Co., Ltd. and the co-chairman of Yunnan Baiyao Group Co., Ltd..

Mr. DONG Ming was born in October 1976. He has obtained a bachelor's degree and is now studying as a doctor majoring in management. He is currently the legal representative, the director, the chief executive officer and the president of Yunnan Baiyao Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange with stock code 000538). He successively served as a technical engineer, the director of the fixed network marketing department of the Xi'an representative office, the director of the fixed network products marketing department of the Eastern Europe region, the vice president of Commonwealth of Independent States region, the director of the VIP systems department, the general manager of the Beijing branch, the director of the mobile system department of Huawei Technologies Co., Ltd., and the vice president of China region in Huawei Technologies Co., Ltd..

Save as disclosed above, the above candidates do not hold any directorships in any other listed companies or any other major positions in the three years prior to the date of the Supplemental Notice. The above candidates do not have any relationship with any Director, Supervisor, senior management or substantial Shareholder or controlling Shareholder of the Company. As at the date of the Supplemental Notice, except for that Mr. SHEN Bo holds 71,700 A Shares and has an interest in 390,000 underlying A Shares in respect of the share options granted under the share option scheme of the Company and Mr. LI Yongzhong has an interest in 390,000 underlying A Shares in respect of the share options granted under the share option scheme of the Company, the remaining candidates do not hold any equity interest in the Company (within the meaning of Part XV of the Securities and Futures Ordinance).

If the above candidates are elected as Directors, their terms will expire on the same date when the eighth session of the Board ends. They will not receive any Director's fee during their terms of office.

Save as disclosed above, there are no other matters concerning the election of the above candidates as executive Directors and non-executive Directors that need to be brought to the attention of the Shareholders and there are no other matters which shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

5. PROPOSAL REGARDING THE ELECTION OF INDEPENDENT DIRECTORS OF THE EIGHTH SESSION OF THE BOARD OF DIRECTORS

Reference is made to the announcement of Company dated 14 June 2023 in relation to the proposed election of Directors and Supervisors. The Board nominated Mr. GU Zhaoyang, Mr. Manson FOK and Mr. WANG Zhong as candidates for independent non-executive Directors of the eighth session of the Board of the Company for a term of three years from the date of approval at the Shareholders' general meeting.

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The Proposal regarding the election of independent non-executive Directors of the eighth session of the Board will be submitted to the Shareholders' general meeting as an ordinary resolution for consideration and voting by means of cumulative voting.

The biographies of Mr. GU Zhaoyang and Mr. Manson FOK are set out in the Company's 2022 Annual Report. As at the date of the Supplemental Notice, there has been no significant change to such biographies. The biography of Mr. WANG Zhong is as follow:

Mr. WANG Zhong, born in May 1969, holds a master's degree of science awarded by the Hong Kong Polytechnic University and has the title of research fellow. He is currently the executive director of the National Intelligent Sensor Innovation Center and an independent director of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd., a company listed on the Shanghai Stock Exchange with stock codes of 600663 and 900932. He served as the general manager of the human resources department and integrated department of Zhejiang Mobile Communication Company Limited, the deputy director of Zhejiang Branch of the China News Service, the chief executive officer of Greentown Real Estate Group Company Limited (綠城房地產集團有限公司), the vice chairman of China Youth Travel Industry (Group) Development Co., Ltd. (中國青旅實業(集團)發展有限公司), the director and vice president of Qingdao Zhongzi Zhongcheng Group Co., Ltd., an external director of Shanghai Guoxin Venture Capital Co., Ltd. (上海國鑫創業投資有限公司), the administrative vice principal of Shanghai Advanced Institution of Finance of Shanghai Jiao Tong University, etc.

Save as disclosed above, the above candidates do not hold any directorships in any other listed companies or any other major positions in the three years prior to the date of the Supplemental Notice. The above candidates do not have any relationship with any Director, Supervisor, senior management or substantial Shareholder or controlling Shareholder of the Company. As at the date of the Supplemental Notice, the above candidates do not hold any equity interest in the Company (within the meaning of Part XV of the Securities and Futures Ordinance).

If the above candidates are elected as Independent Non-executive Directors, their terms will expire on the same date when the eighth session of the Board of Directors ends. The Board proposes to determine the allowance for independent Directors of the Company as RMB300,000 (tax inclusive) per year. Their remuneration received during their terms of office shall be determined at the Shareholder's general meeting.

Save as disclosed above, there are no other matters concerning the election of the above candidates as independent non-executive Directors that need to be brought to the attention of the Shareholders and there are no other matters which shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

The Board is of the view that all candidates for independent non-executive Directors meet the independence requirements set out in Rule 3.13 of the Hong Kong Listing Rules. The nomination committee has reviewed and assessed the background, expertise and experience of these candidates for the independent non-executive Directors in accordance with the board diversity policy of the Company and taking into consideration different diversity factors such as age, cultural and educational background, skills, professional experience and knowledge. The nomination committee is of the view that they have solid finance, management, medicine, information technology or other

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work experience necessary to perform the duties of independent non-executive directors, and are able to bring valuable experience, knowledge and diverse opinions and perspectives to the Board of Directors. Therefore, the Board recommends their election as independent non-executive Directors at the AGM after taking into account of the advice from the nomination committee.

In addition, upon the appointment of the above candidates for Directors, the Company will not have a Director of a different gender. The Board of Directors has been aware of the relevant requirements of the Hong Kong Stock Exchange on the diversity of gender of the Board under Rule 13.92 of the Hong Kong Listing Rules. Taking into consideration its own situation, the Company will make relevant disclosures in (among others) the corporate governance report in accordance with the Hong Kong Listing Rules in due course.

6. PROPOSAL REGARDING THE ELECTION OF SUPERVISORS OF THE EIGHTH SESSION OF THE BOARD OF SUPERVISORS

Reference is made to the announcement of Company dated 14 June 2023 in relation to the election of Directors and Supervisors. The Board of Supervisors nominated Mr. XU Youli and Mr. MA Jia as candidates for Supervisors of the eighth session of the Board of Supervisors of the Company for a term of three years from the date of approval at the Shareholders' general meeting. The employee representative Supervisors are elected by the Company's employee representative assembly.

The proposal regarding the election of Supervisors of the eighth session of the Board of Supervisors will be submitted to the Shareholders' general meeting as an ordinary resolution for consideration and voting by means of cumulative voting.

The biography of Mr. XU Youli is set out in the Company's 2022 Annual Report. As at the date of the Supplemental Notice, there has been no change to such biography. The biography of Mr. MA Jia is as follow:

Mr. MA Jia was born in March 1977 and has obtained a master's degree and is a member of the Chinese Communist Party. Since June 2022, he has been serving as the chief financial officer of Yunnan Baiyao Group Co., Ltd., a company listed on the Shenzhen Stock Exchange with stock code 000538. He served as the head of department of financial management of Beijing Panasonic Lighting Source Co., Ltd., a chief financial officer of the subsidiary of the Commonwealth of Independent States region of Huawei Technologies Co., Ltd., manager of IFS changing project (China), a chief financial officer of Shandong representative office, a chief financial officer of BG Group Operator of China region, China regional chief financial officer/China regional administrative team member, responsible for ICT operation and management, risk control, sales and finance, tax, subsidiaries, and other financial business and economic organization construction of China region (excluding Hong Kong, Macao and Taiwan).

Save as disclosed above, the above candidates do not hold any directorships in any other listed companies or any other major positions in the three years prior to the date of the Supplemental Notice. The above candidates do not have any relationship with any Director, Supervisor, senior

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management or substantial Shareholder or Controlling Shareholder of the Company. As at the date of the Supplemental Notice, the above candidates do not hold any equity interest in the Company (within the meaning of Part XV of the Securities and Futures Ordinance).

If the above candidates are elected as Supervisors, their terms will expire on the same date when the eighth session of the Board of Supervisors ends. They will not receive any Supervisor's fee during their terms of office.

Save as disclosed above, there are no other matters concerning the election of the above candidates as Supervisors that need to be brought to the attention of the Shareholders and there are no other matters which shall be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Hong Kong Listing Rules.

7. PROXY

The Supplemental Notice is set out in the latter part of the Supplemental Circular, which informs Shareholders that AGM will be held as scheduled, and contains supplemental proposed resolutions. The updated proxy form containing all the resolutions to be proposed at the AGM is also enclosed.

Holders of H Shares who intend to attend the AGM by proxy are required to complete the updated proxy form in accordance with the instructions printed thereon and return the same to the H share registrar of the Company, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F, Central Tower, 28 Queen's Road Central, Hong Kong not less than 24 hours before the time appointed for the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or at any adjourned meetings thereof in person. Shareholders who have completed and returned the original proxy form enclosed with the circular of the AGM are reminded that the original proxy form is no longer applicable to the AGM and has been invalid. Shareholders are required to complete and return the enclosed updated proxy form in accordance with the instructions printed thereon.

8. RECOMMENDATION FROM THE BOARD OF DIRECTORS

The Board of Directors (including the independent non-executive Directors) considers that all resolutions to be proposed at the AGM are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board of Directors recommends that you vote in favor of all the resolutions to be proposed at the AGM.

9. RESPONSIBILITY STATEMENT

This Supplemental Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in this

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circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this Supplemental Circular or any statement herein misleading.

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

Shanghai, the PRC, 14 June 2023

* *For identification purpose only*

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING



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)

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

REFERENCE IS MADE TO the notice of annual general meeting of Shanghai Pharmaceuticals Holding Co., Ltd.* (the “**Company**”) dated 7 June 2023, which contained the resolutions to be considered by the Shareholders at the annual general meeting (the “**AGM**”) to be held at Jeurong Grand Ballroom, 3rd Floor, Jeurong Hotel Shanghai, No. 80 Minghong Road, Minghang District, Shanghai, the PRC on 29 June 2023 at 14:00. Unless otherwise specified, capitalised terms used in this supplemental notice shall have the same meanings as those defined in the circular of the Company dated 7 June 2023.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM will be held as scheduled. Save for the resolutions set out in the notice of the AGM of the Company dated 7 June 2023, the following resolutions will be considered and, if thought fit, approved:

ORDINARY RESOLUTION

- (8) Proposal Regarding the Purchase of Liability Insurance for Directors, Supervisors and Senior Management of the Company

SPECIAL RESOLUTION

- (13) Proposal Regarding the Amendments to the Articles of Association and the Rules of the Procedures of Shareholders' General Meeting

ORDINARY RESOLUTIONS (BY MEANS OF CUMULATIVE VOTING)

- (14) Proposal Regarding the Election of Non-independent Directors of the Eighth Session of the Board of Directors
- (15) Proposal Regarding the Election of Independent Directors of the Eighth Session of the Board of Directors

* For identification purpose only

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

(16) Proposal Regarding the Election of Supervisors of the Eighth Session of the Board of Supervisors

Note: the number of the above resolutions has been adjusted in sequence accordingly.

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

Shanghai, the PRC, 14 June 2023

Notes:

1. Other than the above-mentioned supplemental proposals and the corresponding adjustment on the original number of the resolutions, there are no changes to other matters in connection with the AGM. For details of the other resolutions to be considered at the AGM and other related matters, please refer to the notice and circular of the Company dated 7 June 2023.
2. The updated proxy form is enclosed in the supplemental notice of the AGM of the Company. Shareholders who have completed and returned the original proxy form enclosed with the circular of the AGM are reminded that the original proxy form is no longer applicable to the AGM and has been invalid. Shareholders are required to complete and return the enclosed updated proxy form in accordance with the instructions printed thereon.
3. Holders of H Shares who intend to attend the AGM by proxy are required to complete the enclosed updated proxy form and return the same to the H share registrar of the Company, Link Market Services (Hong Kong) Pty Limited, at Suite 1601, 16/F., Central Tower, 28 Queen's Road Central, Hong Kong not less than 24 hours before the time appointed for the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM or any adjournment thereof in person should you so intended.