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If you have sold or transferred all your securities in YiChang HEC ChangJiang Pharmaceutical Co., Ltd., you should at once hand this supplemental circular and the supplemental form of proxy to the purchaser or transferee, or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

宜昌東陽光長江藥業股份有限公司

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

(Stock code: 01558)

**PROPOSED APPOINTMENT OF
INDEPENDENT NON-EXECUTIVE DIRECTOR
AND
SUPPLEMENTAL NOTICE OF
2019 THIRD EXTRAORDINARY GENERAL MEETING**

A letter from the Board is set out on pages 3 to 7 of this supplemental circular.

An EGM of the Company will be held at Conference Room, 4/F, Administration Building, Dongyangguang Scientific Park, No. 368 Zhen An Zhong Road, Chang'an County, Dongguan, Guangdong Province, the PRC at 10:00 a.m. on Friday, 11 October 2019. This supplemental circular shall be read together with circular and a notice convening the EGM of the Company dated 26 August 2019.

Whether or not you would attend the aforementioned meeting, please fill in the supplemental form of proxy according to relevant instructions and return it as soon as possible, and for no reason not less than 24 hours before the fixed time of holding such meeting (i.e. before 10:00 a.m. on Thursday, 10 October 2019) or any adjournment thereof. The completion and return of the supplemental form of proxy will not preclude you from attending and voting in person in the aforementioned meeting or any adjournment thereof if you so desire.

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DEFINITIONS

In this supplemental circular, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

“Blackstone Fund SPVs”	collectively, BCP VII (SG) Dawn HoldCo Pte. Ltd., BCP Asia (SG) Dawn HoldCo Pte. Ltd., BCP Asia Dawn ESC (Cayman) NQ Ltd. and BCP VII Dawn ESC (Cayman) NQ Ltd.
“Board”	the board of Directors of the Company
“Company”	YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (宜昌東陽光長江藥業股份有限公司), a company established in the PRC on 11 May 2015 as a joint stock company
“Completion”	completion of the subscription for and issue of the H share convertible bonds in accordance with the Subscription Agreement
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	issued ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) subscribed for or credited as fully paid in RMB
“EGM”	the 2019 third extraordinary general meeting of the Company to be held on Friday, 11 October 2019
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which is (are) listed on the Stock Exchange and is (are) subscribed for and traded in Hong Kong dollars
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“INED(s)”	independent non-executive director(s) of the Company

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Zhao”	Mr. ZHAO Dayao (趙大堯)
“PRC”	the People’s Republic of China and for the purpose of this supplemental circular, excluding the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement entered by the Company and Blackstone Fund SPVs on 14 August 2018 in relation to the proposed issue of the H share convertible bonds
“%”	per cent

LETTER FROM THE BOARD



YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

宜昌東陽光長江藥業股份有限公司

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

(Stock code: 01558)

The Board of Directors:

Executive Directors:

Mr. JIANG Juncai

Mr. WANG Danjin

Mr. CHEN Yanguai

Mr. LI Shuang

Non-executive Directors:

Mr. TANG Xinfu (*Chairman*)

Mr. Eddy HUANG

Independent Non-executive Directors:

Mr. TANG Jianxin

Mr. FU Hailiang

Mr. LEE Chi Ming

Registered Office and Principal Place of Business in the PRC:

No. 38 Binjiang Road

Yidu, Yichang

Hubei Province

the PRC

Principal Place of Business in Hong Kong:

40th Floor, Sunlight Tower

No. 248 Queen's Road East

Wanchai

Hong Kong

17 September 2019

To the Shareholders,

Dear Sir or Madam,

PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

I. INTRODUCTION

We refer to the announcement of the Company dated 17 September 2019 (the “**Announcement**”) in relation to, among others, the Board has resolved to nominate Mr. Zhao as an INED. The purpose of this supplemental circular is to provide you with further details in relation to the proposed appointment of Mr. Zhao as an INED; and any other information as required under the Listing Rules. This supplemental circular shall be read together with the circular of the Company dated 26 August 2019.

LETTER FROM THE BOARD

II. PROPOSED APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

Reference is made to the announcement of the Company dated 17 September 2019 in relation to the proposed appointment of INED.

The Board is pleased to announce that it has proposed the appointment of Mr. Zhao as an INED at the EGM and authorize it to determine the commencement date of the appointment of Mr. Zhao as an INED.

The biographical details of Mr. Zhao are as follows:

Mr. Zhao, aged 63, holds a degree in Neurology and Pediatrics from Beijing University Medical School and a doctorate degree in Science in Neurobiology from Harvard Medical School. Mr. Zhao has extensive experience in drug discovery and development.

Since January 2016, Mr. Zhao has been the general manager of Pfizer China R&D Center Shanghai, Wuhan, and Beijing. He was also the head of Pfizer's Drug R&D Organization in China, which was fully responsible for all clinical development of Pfizer for the Chinese and the global markets. From 2011 to 2015, Mr. Zhao was the head of China R&D of Johnson & Johnson's pharmaceutical division. He established the operating model of R&D and scientific affairs and shaped a clear vision for such model to support the new Johnson & Johnson strategy, bringing together several groups from both Johnson & Johnson China and the Asia R&D center into one end-to-end R&D organization based in China. He led Johnson & Johnson China R&D to conduct numerous clinical trials and registered many new products in China and around the world.

Prior to joining Johnson & Johnson, Mr. Zhao was a group vice president at Genzyme Corporation. He headed up Genzyme Corporation's Japan-Asia Pacific R&D where he had overall responsibilities for Clinical Development, Pharmacovigilance, medical affairs and regulatory affairs. His role included the responsibility for all phases I to IV studies in the region. In addition, he had accountability for Genzyme Corporation's Quality Council for the region.

Prior to his position at Genzyme Corporation, Mr. Zhao worked at Pfizer's R&D Center, where he was responsible for exploration and clinical development, and led the central nervous system clinical development team in North America at Novartis.

LETTER FROM THE BOARD

Upon the appointment of Mr. Zhao as an INED becoming effective, the Company will enter into a service contract with Mr. Zhao for a term commencing on the effective date of the appointment of Mr. Zhao and ending at the expiry of the term of the second session of the Board. The proposed annual remuneration of Mr. Zhao will be approximately RMB680,000, which is determined by the Board with reference to his duties, the remuneration policy of the Company and the prevailing market conditions if being appointed as an INED.

As of the date of this circular, save as disclosed above, Mr. Zhao confirmed that (i) he did not hold any directorship in any other listed companies during the past three years; (ii) he does not hold any position in the Company or its subsidiaries; (iii) he has no relationship with any Director, supervisor, senior management member, substantial shareholder or controlling shareholder of the Company; and (iv) he has not owned any interest as defined in Part XV of the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong) in the shares or underlying shares of the Company.

Save as disclosed above, Mr. Zhao has no involvement in any matter which is required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there is no other matter which is required to be notified to the Shareholders or the Stock Exchange.

Upon his appointment as an INED, Mr. Zhao will also act as the chairman of the nomination committee of the Board and a member of the audit committee of the Board with effect from the same date.

Reference is made to the announcement of the Company dated 14 August 2018 in relation to, among other things, the proposed issue of H share convertible bonds under the Subscription Agreement entered into between the Company and Blackstone Fund SPVs. According to one of the terms of the Subscription Agreement, Blackstone Fund SPVs and Shenzhen HEC Industrial Development Co., Ltd. would jointly nominate a new INED after the Completion. Such INED would also be appointed as a member of the audit committee of the Board.

After receiving the proposal on the appointment of Mr. Zhao as a new INED and his biography, the nomination committee and/or the Board also considered various factors in relation to the diversity of the Board, including but not limited to diversity in gender, age, culture and educational background, professional experience, skills, knowledge and industrial and regional experience, to determine whether Mr. Zhao is suitable to serve as an INED.

The Board is of the view that (i) Mr. Zhao has worked in various large size multinational pharmaceutical enterprises and he possesses a global vision and has extensive knowledge and R&D experience in medical and pharmaceutical industry; (ii) the diversity to be brought by Mr. Zhao in terms of perspectives, skills and experience; (iii) the current requirements of the Company; and (iv) based on the assessment performed and the fact that Mr. Zhao meets the independence criteria as set out in Rule 3.13 of the Listing Rules. Therefore, a resolution has been proposed by the Board to the Shareholders to consider the appointment of Mr. Zhao as an INED. The Board also considered that Mr. Zhao does not hold any directorship in other listed companies. He will be able to devote sufficient time and attention to perform the duty as an INED. In view of the above, the Board believes Mr. Zhao will be able to make valuable contributions to the Company.

LETTER FROM THE BOARD

III. EGM

The EGM will be held as originally scheduled by the Company at Conference Room, 4/F, Administration Building, Dongyangguang Scientific Park, No. 368 Zhen An Zhong Road, Chang'an County, Dongguan, Guangdong Province, the PRC at 10:00 a.m. on Friday, 11 October 2019. The supplemental notice of the EGM sets out the additional resolution in relation to the appointment of Mr. Zhao as an INED to be proposed at the EGM, and it shall be read together with the notice of EGM of the Company dated 26 August 2019.

In order to ascertain Shareholders' entitlement to attend and vote at the EGM, the register of members of H Shares of the Company has been closed from Wednesday, 11 September 2019 to Friday, 11 October 2019 (both days inclusive), during which period no transfer of H Shares will be registered. To qualify for attending and voting at the EGM, all unregistered holders of H Shares of the Company shall lodge transfer documents with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration before 4:30 p.m. on Tuesday, 10 September 2019.

A supplemental notice convening the EGM, together with the supplemental form of proxy for use at the EGM, has been despatched to the Shareholders on Tuesday, 17 September 2019. Whether or not you intend to attend the EGM, you are requested to complete the supplemental form of proxy in accordance with the instructions printed thereon and return the same to the Company's Board office at Securities Department, Dongyangguang Scientific Park, No. 368 Zhen An Zhong Road, Chang'an County, Dongguan, Guangdong Province, the PRC (for holders of Domestic Shares) or to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares). In any event, such supplemental form of proxy must be returned no later than 24 hours before the time appointed for the EGM (i.e. no later than 10:00 a.m. on Thursday, 10 October 2019) or any adjournment thereof. Completion and return of the supplemental form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so desire.

Shareholders intending to attend the EGM (or any adjournment thereof) should complete and return the reply slip for attending the EGM (or any adjournment thereof) personally, by facsimile or by post. The reply slip should be completed and returned to the Company's Board office by facsimile (fax number: 86-769-81768866) or by post to (or by depositing it at) Securities Department, Dongyangguang Scientific Park, No. 368 Zhen An Zhong Road, Chang'an County, Dongguan, Guangdong Province, the PRC, for holders of Domestic Shares; or to the Company's H share registrar in Hong Kong by facsimile (fax number: 852-2865-0990) or by post to (or by depositing it at) 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for holders of H Shares, such that the reply slip shall be received by the Company 20 days before the EGM (i.e. no later than Saturday, 21 September 2019).

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the resolution set out in the supplemental notice of the EGM shall be voted by poll. Voting by the Shareholders may be given either personally or by proxy.

IV. RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 the information contained in this supplemental 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 any statement herein or this supplemental circular misleading.

V. RECOMMENDATIONS

Having considered the reasons and benefits set out above, the Board considers that the above-mentioned resolution is in the interest of the Company and the Shareholders as a whole, and recommends the Shareholders to vote in favour of the relevant resolution proposed at the EGM.

To the best knowledge and belief of the Company, no Shareholder shall be required to abstain from voting at the EGM.

Yours faithfully
On behalf of the Board
YiChang HEC ChangJiang Pharmaceutical Co., Ltd.
TANG Xinfa
Chairman



YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

宜昌東陽光長江藥業股份有限公司

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

(Stock code: 01558)

**SUPPLEMENTAL NOTICE OF
2019 THIRD EXTRAORDINARY GENERAL MEETING**

Reference is made to the notice of YiChang HEC ChangJiang Pharmaceutical Co., Ltd. (the “**Company**”) dated 26 August 2019 (the “**Notice**”) for the 2019 third extraordinary general meeting (“**EGM**”), which sets out the venue of the EGM and the resolution to be tabled for approval at the EGM.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the EGM will be held as originally scheduled at Conference Room, 4/F, Administration Building, Dongyangguang Scientific Park, No. 368 Zhen An Zhong Road, Chang'an County, Dongguan, Guangdong Province, the People's Republic of China (the “**PRC**”) at 10:00 a.m. on Friday, 11 October 2019 to consider and, if thought fit, to pass the following resolution, which was submitted to the EGM by Guangdong HEC Technology Holding Co., Ltd. (holding approximately 50.40% of the issued shares of the Company) in compliance with the laws and the articles of association of the Company, in addition to the resolution set out in the Notice:

ORDINARY RESOLUTION

2. To consider and approve the appointment of Mr. ZHAO Dayao as an independent non-executive director of the Company and to authorize the board of Directors to determine the commencement date of such appointment.

On behalf of the Board

YiChang HEC ChangJiang Pharmaceutical Co., Ltd.

TANG Xinfa

Chairman

Hubei, the PRC

17 September 2019

SUPPLEMENTAL NOTICE OF 2019 THIRD EXTRAORDINARY GENERAL MEETING

Notes:

1. A supplemental form of proxy in respect of the ordinary resolution numbered 2 mentioned above (the “**Supplemental Form of Proxy**”) is enclosed with the supplemental notice of the EGM of the Company dated 17 September 2019. The Supplemental Form of Proxy will not affect the validity of any form of proxy duly completed by you in respect of the resolutions set out in the Notice. If you have validly appointed a proxy to attend and act for you at the EGM but do not complete and deliver the Supplemental Form of Proxy, your proxy will be entitled to vote at his/her discretion on the ordinary resolution numbered 2 mentioned above. If you do not duly complete and deliver the original form of proxy for the EGM but have duly completed and delivered the Supplemental Form of Proxy and validly appointed a proxy to attend and act for you at the EGM, your proxy will be entitled to vote at his/her discretion on the ordinary resolutions set out in the Notice.
2. Please refer to the Notice for details in respect of the other resolution to be passed at the EGM, eligibility for attending the EGM, proxy, registration procedures, closure of register of members and other relevant matters in relation to the EGM.

As at the date of this supplemental notice, the board of Directors of the Company consists of Mr. JIANG Juncai, Mr. WANG Danjin, Mr. CHEN Yangui and Mr. LI Shuang as executive Directors; Mr. TANG Xinfu and Mr. Eddy HUANG as non-executive Directors; and Mr. TANG Jianxin, Mr. FU Hailiang and Mr. LEE Chi Ming as independent non-executive Directors.