

31 May 2021

The Board of Directors

Shandong Xinhua Pharmaceutical Company Limited
No.1 Lutai Ave,
Hi-tech Industry Development Zone,
Zibo City, Shandong Province,
PRC

Dear Sirs,

Re: Shandong Xinhua Pharmaceutical Company Limited (the “Company”, together with its subsidiaries, the “Group”)

(1) Proposed Non-Public Issuance of New A Shares; (2) Connected Transaction in relation to the Proposed Subscription of A Shares by Hualu Investment; And (3) Application for Whitewash Waiver (the “Transactions”)

We refer to the circular of the Company dated 31 May 2021 in respect of the Transactions (the “Circular”). Capitalized terms used in this letter shall have the same meanings as defined in the Circular.

As at the Latest Practicable Date, we did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did we have any direct or indirect interest in any assets which had been, since 31 December 2020, being the date of the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

We have given and have not withdrawn our respective written consent to the issue of the Circular with the inclusion of our letter and references to our name in the form and context in which they appear respectively. We also consent to this letter and copy of our report being made available for inspection as described in the Circular.

Yours faithfully,
For and on behalf of
Octal Capital Limited



Alan Fung
Managing Director