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

If you have sold or transferred all your shares in the Company, you should at once hand this circular accompanying with the form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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廣州白雲山醫葯集團股份有限公司

GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

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

(H Share Stock Code: 0874)

- (1) PROPOSED CHANGE IN USE OF PARTIAL PROCEEDS;
 - (2) PROPOSED SETTLEMENT OF PARTIAL PROCEEDS INVESTED IN PROJECTS AND PERMANENT REPLENISHMENT OF WORKING CAPITAL FROM THE REMAINING PROCEEDS;
 - (3) THE PLAN OF THE PROPOSED OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED;
 - (4) THE COMPLIANCE OF THE OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED WITH THE CIRCULAR ON ISSUES IN RELATION TO REGULATING OVERSEAS LISTING OF SUBSIDIARIES OF DOMESTIC LISTED COMPANIES;
 - (5) UNDERTAKING OF MAINTAINING INDEPENDENT LISTING STATUS OF THE COMPANY;
 - (6) EXPLANATIONS ON THE SUSTAINABLE PROFITABILITY AND PROSPECTS OF THE COMPANY;
 - (7) PROPOSED AUTHORIZATION TO THE BOARD AND ITS AUTHORIZED PERSONS BY THE GENERAL MEETING TO HANDLE MATTERS, AT THEIR FULL DISCRETION, IN RELATION TO THE SPIN-OFF AND OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED;
 - (8) PROPOSED PROVISION OF ASSURED ENTITLEMENT TO THE H SHAREHOLDERS OF THE COMPANY ONLY FOR THE OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED.;
 - (9) NOTICE OF EXTRAORDINARY GENERAL MEETING;
- AND
- (10) NOTICE OF THE CLASS MEETING OF THE HOLDERS OF H SHARES
-

Capitalised terms used in this cover page have the same meanings as those defined in this circular.

A letter from the Board is set out on pages 3 to 19 of this circular. The notice convening the EGM to be held at the Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC on Monday, 23 November 2020 at 10:00 a.m. or any adjournment thereof is set out on pages 20 to 24 of this circular. The notice convening the Class Meeting of the Holders of H Shares to be held immediately after the conclusion of each of the EGM and the Class Meeting of the Holders of A Shares at the Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC is set out on pages 25 to 28 of this circular.

Whether or not you intend to attend the EGM and/or the Class Meeting of the Holders of H Shares, please complete the relevant forms of proxy despatched together with the aforementioned notices in accordance with the instructions printed thereon and return the forms of proxy to the office of the Company's H Share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) as soon as possible and in any event not less than 24 hours before the time appointed for the EGM or the Class Meeting of the Holders of H Shares (as the case maybe). Completion and return of the forms of proxy will not preclude you from attending and voting in person at the EGM and/or the Class Meeting of the Holders of H Shares should you so wish.

9 October 2020

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“A Shares”	RMB-denominated domestic shares in the share capital of the Company with a nominal value of RMB1.00 each and are listed on the Shanghai Stock Exchange
“Alliance BMP”	Alliance BMP Limited
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Cai Zhi Lin”	Guangzhou Cai Zhi Lin Pharmaceutical Co., Ltd.
“Chemical Pharmaceutical Factory”	Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. Baiyunshan Chemical Pharmaceutical Factory
“Chemical & Pharmaceutical Technology Company”	Guangzhou Baiyunshan Chemical & Pharmaceutical Technology Co., Ltd.
“Class Meeting of the Holders of A Shares”	the first class meeting of the holders of the A Shares of the Company in 2020 to be held on Monday, 23 November 2020, including any adjournment thereof, for the purpose of considering the Proposed Amendment
“Class Meeting of the Holders of H Shares”	the first class meeting of the holders of the H Shares of the Company in 2020 to be held on Monday, 23 November 2020, including any adjournment thereof, for the purpose of considering the Proposed Amendment
“Company”	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited* (廣州白雲山醫藥集團股份有限公司), a joint stock company with limited liability established in the PRC, whose H Shares and A Shares are listed on the HKEx and the SSE respectively
“controlling shareholder”	as defined under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director”	a director of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Monday, 23 November 2020 at 10:00 a.m., including any adjournment thereof for the purposes of the subject matters mentioned in this circular

DEFINITIONS

“GP Corp.”	Guangzhou Pharmaceuticals Company Limited
“GPHL”	Guangzhou Pharmaceutical Holdings Limited
“H Shares”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each and are listed on the Hong Kong Stock Exchange
“He Ji Gong” “He Ji Gong Pharmaceutical Factory”	Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. Baiyunshan He Ji Gong Pharmaceutical Factory
“HKEx”	The Stock Exchange of Hong Kong Limited
“HKLR”	the Rules Governing the Listing of Securities on the HKEx
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“LPD”	30 September 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Ming Xing”	Guangzhou Baiyunshan Ming Xing Pharmaceutical Co., Ltd.
“PRC”	the People’s Republic of China, which for the purposes of this Supplemental Circular, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Proceed”	the proceeds raised from the A Share Offering
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	a holder of the A Shares and/or H Shares
“SSE”	Shanghai Stock Exchange
“%”	per cent

* *For ease of reference, the names of the PRC established companies or entities (if any) and the PRC laws and regulations (if any) have generally been included in this circular in both Chinese and English languages and the English names are for identification purposes only. In the event of inconsistency, the Chinese language shall prevail.*

^ *Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.*

All times stated in this circular refer to Hong Kong time.

LETTER FROM THE BOARD



廣州白雲山醫葯集團股份有限公司

GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

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

(H Share Stock Code: 0874)

Executive Directors:

Mr. Li Chuyuan
Mr. Yang Jun
Ms. Cheng Ning
Ms. Liu Juyan
Mr. Li Hong
Mr. Wu Changhai
Mr. Zhang Chunbo

Independent non-executive Directors:

Mr. Wong Hin Wing
Ms. Wang Weihong
Mr. Chen Yajin
Mr. Huang Min

Registered office and principal place of business:

45 Sha Mian North Street
Liwan District
Guangzhou City, Guangdong Province
The PRC

Principal place of business in Hong Kong:

Room 2005, 20th floor
Tower Two Lippo Centre
89 Queensway
Hong Kong

9 October 2020

To the Shareholders

Dear Sir or Madam

- (1) PROPOSED CHANGE IN USE OF PARTIAL PROCEEDS;
 - (2) PROPOSED SETTLEMENT OF PARTIAL PROCEEDS INVESTED IN PROJECTS AND PERMANENT REPLENISHMENT OF WORKING CAPITAL FROM THE REMAINING PROCEEDS;
 - (3) THE PLAN OF THE PROPOSED OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED;
 - (4) THE COMPLIANCE OF THE OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED WITH THE CIRCULAR ON ISSUES IN RELATION TO REGULATING OVERSEAS LISTING OF SUBSIDIARIES OF DOMESTIC LISTED COMPANIES;
 - (5) UNDERTAKING OF MAINTAINING INDEPENDENT LISTING STATUS OF THE COMPANY;
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 - (7) PROPOSED AUTHORIZATION TO THE BOARD AND ITS AUTHORIZED PERSONS BY THE GENERAL MEETING TO HANDLE MATTERS, AT THEIR FULL DISCRETION, IN RELATION TO THE SPIN-OFF AND OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED;
 - (8) PROPOSED PROVISION OF ASSURED ENTITLEMENT TO THE H SHAREHOLDERS OF THE COMPANY ONLY FOR THE OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED;
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- AND
- (10) NOTICE OF THE CLASS MEETING OF THE HOLDERS OF H SHARES

LETTER FROM THE BOARD

1. INTRODUCTION

References are made to the circular of the Company dated 26 February 2015 (the “**2015 Circular**”) and the announcements and circular(s) of the Company in relation to the Proposed Placing issued subsequent to the 2015 Circular, including without limitation:

- (a) the announcement of the Company dated 28 October 2015 whereby it was announced, among other things, that the offering size of the Proposed Placing had been reduced from approximately RMB10,000 million to approximately RMB8,300 million while the number of new A Shares to be issued under the Proposed Placing had been adjusted from not more than 419,463,087 new A Shares to 352,292,020 new A Shares;
- (b) the announcement of the Company dated 18 August 2016 in relation to the issue of A Shares pursuant to the Proposed Placing;
- (c) the announcement of the Company dated 29 August 2016 in relation to changes in allocation of proceeds raised from the Proposed Placing; and
- (d) the announcement of the Company dated 27 December 2018 in relation to changes in use of proceeds.

Unless otherwise defined, capitalised terms used in the 2015 Circular have the same meanings when used herein.

The purpose of this circular is to provide you with information in relation to:

- (a) The ordinary resolutions to be proposed at the EGM on, among other things, (i) proposed change in use of partial proceeds; (ii) settlement of partial proceeds invested in projects and permanent replenishment of working capital from the remaining proceeds; (iii) the plan of the proposed overseas listing of Guangzhou pharmaceuticals company limited; (iv) the compliance of the overseas listing of Guangzhou pharmaceuticals company limited with the circular on issues in relation to regulating overseas listing of subsidiaries of domestic listed companies; (v) undertaking of maintaining independent listing status of the company; (vi) explanations on the sustainable profitability and prospects of the company; (vii) proposed authorization to the board and its authorized persons by the general meeting to handle matters, at their full discretion, in relation to the spin-off and overseas listing of Guangzhou Pharmaceuticals Company Limited, and the special resolutions to be proposed at the EGM on (viii) the proposed provision of assured entitlement to the holders of H shares of the company only for the overseas listing of Guangzhou Pharmaceuticals Company Limited, and to give you the notice of the EGM; and
- (b) The resolution to be proposed at the Class Meeting of the Holders of H Shares on proposed provision of assured entitlement to the holders of H shares of the company only for the overseas listing of Guangzhou Pharmaceuticals Company Limited and to give you the notice of the Class Meeting of the Holders of H Shares.

LETTER FROM THE BOARD

2. PROPOSED CHANGE IN USE OF PARTIAL PROCEEDS AND PROPOSED SETTLEMENT OF PARTIAL PROCEEDS INVESTED IN PROJECTS AND PERMANENT REPLENISHMENT OF WORKING CAPITAL FROM THE REMAINING PROCEEDS

The Proposal on the Change in Use of Partial Proceeds and the Proposal on the Settlement of Partial Proceeds Invested in Projects and Permanent Replenishment of Working Capital from the Remaining Proceeds were considered and approved by the Company at the 4th meeting of the eighth session of the Board of Directors and the 3rd meeting of the eighth session of the Board of Supervisors convened on 25 August 2020, and upon a prudent assessment for the actual situation and needs of the Company's current proceeds invested in projects, it is proposed to 1) change the use of the Company's proceeds and interest of RMB384 million and RMB105 million initially used for the He Ji Gong off-site project (何濟公異地改造項目) of the construction project of the Great Southern TCM production base (phase 1) and the project for the establishment of the information platform (the portion of the Company) respectively, with a total of RMB489 million (the actual amount is based on the balance of the special account on the day when the proceeds are transferred), to the construction project of Guangyao Baiyunshan Chemical Pharmaceutical (Zhuhai) Co., Ltd.; 2) settle the extension project of the original modern medical logistics service, which has been changed into a project for the acquisition of the "Wanglaoji" series trademarks held by GPLH (the controlling shareholder of the Company) and to allocate the Surplus Amount of proceeds upon such settlement totalling RMB55,960,200, which is the interests accrued on the corresponding proceeds from the project, and the actual amount is based on the balance of the special account on the date when the proceeds are transferred, for permanent replenishment of working capital.

(1) Basic Information on the Proceeds

As approved by the Circular Zhengjianxuke [2016] No. 826 issued by the China Securities Regulatory Commission, the Company completed the issuance of 334,711,699 RMB ordinary shares (A shares), by way of non-public issuance, to 5 specific investors including GPLH in August 2016. According to the "Verified Report" (Xin Hui Shi Bao Zi [2016] No. 410605) issued by BDO China Shu Lun Pan CPAs LLP, the total proceeds from this issuance amounted to RMB7,886,000,000 and the net proceeds after deducting the issue expenses of RMB22,361,100 amounted to RMB7,863,000,000. The Company has adopted a special account for storing the proceeds in accordance with the relevant requirements of "Measures for the Management of Proceeds of Listed Companies on the SSE" and the "Measures for the Management of Proceeds" of the Company, and has signed a tripartite or quadripartite supervisory agreement.

(2) Actual Use of the Proceeds

As of 30 June 2020, the actual use of the aforesaid proceeds from the non-public issuance for investment in projects was as follows:

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No.	Name of projects	Proposed investment amount (RMB'0,000)	Amount invested as at 30 June 2020 (RMB'0,000)	Date of the projects becoming ready for intended use
1	The construction project of the Great Southern TCM research and development platform	150,000.00	21,462.82	2022.12.31
Of which	(1) Investment in assets	35,000.00	3,251.39	—
	(2) Investment in research and development	115,000.00	18,211.43	—
2	The construction project of the Great Southern TCM production base (phase 1)	100,000.00	9,408.32	2021.01.31
Of which	(1) Ming Xing off-site project	60,000.00	5,017.41	—
	(2) He Ji Gong off-site project	40,000.00	4,390.91	—
3	The project for acquiring the “Wanglaoji” series trademarks held by GPL (the controlling shareholder of the Company)	108,000.00	108,000.00	—
4	The project for establishment of channels and brands	200,000.00	128,316.37	N/A
5	The project for establishment of information platform	12,000.00	2,458.64	2020.12.31
6	Replenishment of working capital	216,344.65	218,505.20 (including the use of interests on deposits)	N/A
Total		786,344.65	488,151.35	

(3) Proposed Change in Use of Partial Proceeds

1) Basic information on the original raising fund investment project

The proceeds planned to be invested in the He Ji Gong off-site project amounted to RMB400 million, and such project is implemented by He Ji Gong Pharmaceutical Factory, a subsidiary of the Company, with the construction site located in the Great Health Biomedical Industrial Base (大健康生物醫藥產業基地) in Baiyun District, Guangzhou. The project is to construct a number of new buildings such as Oral Solid Preparations Building, Plaster Building, Ointment Building, Solution Building, Preparations Building, and ancillary facilities such as sewage treatment station on a newly-acquired land. As of 31 July 2020, the proceeds of RMB43,913,000 have been invested in the project, of which the construction of the Ointment Building, the Preparations Building, fire pool and gatehouse, and the main structure of the Ointment Building and the Preparations Building have been completed.

LETTER FROM THE BOARD

The proceeds planned to be invested in the project for establishment of information platform amounted to RMB120 million, and such project is implemented by the Company and Cai Zhi Lin, a wholly-owned subsidiary of the Company, for which the Company plans to utilise the proceeds of RMB116 million (the “**Portion of the Company**”) while Cai Zhi Lin plans to utilise the proceed of RMB4,227,000 (the “**Portion of Cai Zhi Lin**”). As of 31 July 2020, the proceeds of RMB24,811,500 has been used for the project for establishment of information platform, of which RMB23,126,700 has been used by the Company and RMB1,684,800 has been used by Cai Zhi Lin.

2) *Reasons for the proposed change of the raising fund investment projects*

In the early stage of the He Ji Gong off-site project, the overall design is based on a planned land area of 109 mu, and the actual net land acquired in the first phase of the project in 2013 was 36 mu. According to the project plan, the first phase of the project is mainly used for the construction of two production plants, namely the Pharmaceutical Building and the Ointment Building, while the remaining production plants, sewage treatment station, power house, laboratory, warehouse and other necessary supporting facilities are planned to be built in the later phase. The project is progressing slowly as the specific plan and timing for the subsequent land delivery is still unclear. After discussion and study between the Company and He Ji Gong, the entity which implements the project, the Company intends to change the He Ji Gong off-site project in order to improve the efficiency of the use of proceeds.

The major content data centre and infrastructure construction in the project for establishment of information platform shall be implemented concurrently in the Biological Medicine and Health R& D Sales Headquarters project (“**Biological Island Project**”) of the Company. As the Biological Island Project is currently in the early stages of construction, the construction of the supporting data centre room can be carried out. Meanwhile, due to changes in several information projects under the Company’s information platform construction, project payments were slower than expected. In addition, the under-construction project for establishment of information platform has also received special fund from the government, which the Company gave priority to, thereby affecting the process of the proceeds used. In order to improve the efficiency of the use of the proceeds, the Company intends to change the project for establishment of information platform (Portion of the Company), while the Portion of Cai Zhi Lin will continue to be implemented without any change.

3) *Proposed change of plan and subsequent arrangements for the use of proceeds*

In view of the fact that the current site of the Chemical Pharmaceutical Factory, the Company’s branch, has been included in the scope of urban renewal and renovation of Guangzhou City, in order to ensure the current supply of raw materials for the branches/subsidiaries of the Company, the GYBYS Chemical & Pharmaceutical (Zhuhai) Co., Ltd. was incorporated by Chemical & Pharmaceutical Technology Company, a wholly-owned subsidiary of the Company, to carry out the project construction (the “**Construction Project of GYBYS Chemical & Pharmaceutical (Zhuhai) Co., Ltd.**”). The total investment of the new project is planned to be RMB731,879,100, and the proposed use of the proceeds will be changed to RMB489,013,700 (data as of 31 July 2020, the actual amount is subject to the balance of the

LETTER FROM THE BOARD

special account on the transferred date), and the shortfall will be made up by the Company's self-raised funds. The construction of the project commenced on 6 September 2019 and the main structure of the building is under construction as of 31 July 2020. The total construction progress of the project is currently approximately 25%, and approximately RMB164,270,000 has been invested.

4) *Impact of the proposed change of use of proceeds on the Company's production and operations*

The change in the use of proceeds will be conducive to enhancing the efficiency of the use of proceeds, optimizing the allocation of resources, and accelerating the construction of new invested projects. It will not lead to the change and adjustment of the Company's main business and will not have any adverse impact on the Company's production and operation.

(4) *Settlement of Partial Raising Fund Investment Projects and Permanent Replenishment of Working Capital from the Surplus Proceeds*

1) *Main reasons for the surplus proceeds*

The Company planned to invest RMB1 billion of proceeds in the extension project of modern medical logistics services, the original raising fund investment project. Afterwards, due to changes in the industry pattern, and at the same time, in order to give full play to the benefits of the raising fund investment project as soon as possible and avoid the long-term idling of proceeds, having been considered by the 18th meeting of the seventh session of the Board and the 12th meeting of the seventh session of the board of supervisors held on 27 December 2018, and the first EGM in 2019 held on 28 March 2019, the Company agreed to change the use of RMB1 billion of proceeds in the extension project of original modern medical logistics services to the acquisition of the "Wang Lao Ji" series trademarks held by GPLH, the controlling shareholder of the Company. At present, the assets of "Wang Lao Ji" series trademarks held by GPLH has been delivered to the Company. As of 31 July 2020, the fund-raising special account has remaining amount of RMB55,960,200, which is the net amount of interest income less bank charges and others generated during the period of deposit of proceeds.

2) *Plan and subsequent arrangements for the use of the surplus proceeds*

The Company intends to use the surplus proceeds from the settlement of the raising fund investment projects to permanent replenishment of working capital and cancel the relevant fund-raising special account. Affected by the adjustment of interest income, the specific amount of working capital replenishment shall be based on the actual total amount finally transferred to the fund-raising special account for own funds.

LETTER FROM THE BOARD

3) *Impact of permanent replenishment of working capital from the surplus proceeds on the Company*

The permanent replenishment of working capital from surplus proceeds will effectively improve the efficiency of the use of the surplus proceeds, reasonably allocate the Company's resources and alleviate the pressure on capital. There is no situation that will harm the legitimate interests of the Company and minority shareholders, nor is there any significant risk.

According to the applicable PRC laws (such as the Supervisory Guidelines No. 2 for Listed Companies – Supervisory Requirements for Management and Use of Proceeds of Listed Companies and the Measures for the Management of Proceeds of Listed Companies on the Shanghai Stock Exchange (revised in 2013)) and the Management Measures for Proceeds of the Company, changes in the use of proceeds and the permanent replenishment of working capital from surplus proceeds must be approved by the directors and shareholders. Accordingly, two resolutions on changes in use of proceeds and settlement of partial raising fund investment projects and permanent replenishment of working capital from surplus proceeds will be proposed at the EGM for shareholders' consideration and discretionary approval. The proposed changes to the use of the proceeds and the proposed permanent replenishment of working capital from surplus proceeds described in this circular do not change the information disclosed by the Company prior to the Latest Practicable Date in respect of the use of the proceeds.

4) *Opinions of independent directors, board of supervisors and sponsorship institutions*

Independent directors, the Supervisory Committee of the Company and sponsorship institutions have expressed their independent opinions, audit opinions and verification opinions respectively on the above two matters, and agreed to change the use of proceeds of the above-mentioned raising fund investment projects and the permanent replenishment of working capital from the surplus proceeds and agreed to submit them to the EGM of the Company for consideration.

LETTER FROM THE BOARD

3. THE PLAN OF THE PROPOSED OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED

At the 6th meeting of the eighth session of the board of directors held on 30 September 2020, the Company considered and approved the “The resolution on Initial Public Offering of Overseas Listed Foreign Capital shares (H shares) Regarding and the Proposal in relation to the Overseas Listing of Guangzhou Pharmaceuticals Company Limited”, “The resolution Regarding the Compliance of the Overseas Listing of Guangzhou Pharmaceuticals Company Limited with the “Circular on Issues in Relation to Regulating Overseas Listing of Subsidiaries of the PRC Listed Companies”, “The resolution Regarding the Undertaking of Maintaining the Independent Listing Status of the Company”, “The resolution Regarding the Explanations on the Sustainable Profitability Statement and Prospects of the Company”, “The resolution Regarding the Authorisation to the Board and its Authorised Persons to Deal with Matters in Relation to the Spin-off and Listing of Guangzhou Pharmaceuticals Company Limited” and “The resolution Regarding provision of Assured Entitlement to the H Shareholder(s) only for the Spin-off and Overseas Listing of Guangzhou Pharmaceuticals Company Limited”. In addition to the provision of the assured entitlements, an ordinary resolution will be proposed at the EGM for approval by the Shareholders. Assured entitlements are subject to approval by a special resolution of the Shareholders or class of Shareholders (as the case may be) at the EGM, the class meeting of holders of A Shares and the class meeting of holders of H Shares respectively.

Details of the Overseas Listing of Guangzhou Pharmaceuticals Company Limited are as follows:

- (1) Issuer: Guangzhou Pharmaceuticals Company Limited
- (2) Place of Listing: Main Board of the HKEx
- (3) Type of Share to be Issued: Overseas listed Foreign Shares to be listed on the Main Board of the HKEx
- (4) Par Value Per Share: RMB1.00
- (5) Target Subscribers: The target subscribers of the issuance of H Shares will be Hong Kong public investors participating in the Hong Kong public offering, international investors participating in the international placing, Qualified Domestic Institutional Investors (QDII) in the PRC, and other investors in the PRC who are permitted to invest abroad as approved by the regulatory authorities or permitted by PRC laws and regulations.
- (6) Timing of Issuance: The issuance and listing of H Shares will be completed at an optimum market window within the validity period of the resolutions of the GP Corp. general meeting. The specific issuance date will be determined by the board of directors and its authorized person(s) as authorized by the GP Corp. general meeting, taking into account overseas capital market conditions and approval progress of domestic and overseas regulatory authorities.

LETTER FROM THE BOARD

- (7) Method of Issuance: The issuance of H Shares is intended to be a offering by way of a new issue of shares, including Hong Kong public offering and international placing. Depending on the international practice and the capital market conditions, the international placing will be offering outside the United States in accordance with Regulation S under the U.S. Securities Act of 1933 and the amendments thereof.
- (8) Size of Issuance: The initial issuance size of H Shares shall not exceed 25% of the enlarged share capital immediately after the issuance (Before the exercise of over-allotment option). The lead underwriter(s) shall be granted an over-allotment option of no more than 15% of the said H Shares to be initially issued. The estimated total issuance size will not exceed 27.71% of the share capital after the issuance. In particular, the actual total issuance size, the over-allotment and the placing ratio will be determined by the board of directors and its authorized person(s) as authorized by the GP Corp. general meeting in accordance with legal requirements, regulatory approval and market conditions, based on the GP Corp.'s capital requirements, communication with domestic and overseas regulatory authorities and the specific domestic and overseas market conditions at the time of issuance.
- (9) Method of Pricing: The issue price of H Shares will be negotiated and determined by the board of directors and its authorized person(s) as authorized by the GP Corp. general meeting, together with the lead underwriter(s), after full consideration of the interests of the existing Shareholders of GP Corp., acceptability of the investors, issuance risk and other circumstances, and taking into account the international practice, the overseas capital market conditions at the time of issuance, the average valuation level of the industry that GP Corp. operates in, conditions of market subscriptions and the results of road show and bookkeeping.
- (10) Use of Proceed: To be determined in accordance with the use of proceeds as approved by the GP Corp. general meeting and/or its board of directors at the time.
- (11) Application for Issued Domestic Unlisted Shares Converting into H Shares: On condition that it is in compliance with the regulatory policy and requirement by the CSRC and regulatory authorities in the place of listing, GP Corp. will, before the issuance of H Shares or after the listing, subject to negotiation with Shareholders of domestic unlisted shares in GP Corp., when appropriate, apply to such regulatory authorities for converting all or part of those issued domestic unlisted shares before the issuance and listing and trading of those shares on the Main Board of the HKEx.
- (12) Validity Period of Resolution: This resolution shall be valid for a period of 24 months from the date on which the resolution is considered and approved by the general meeting of the Company.

Shareholders should note that the spin-off and overseas listing of GP Corp. on the HKEx will constitute a spin-off within the meaning of Practice Note 15, and will be subject to the approval by the HKEx. As at the date of this circular, the application for the spin-off and overseas listing of GP Corp. under Practice Note 15 has not been made by the Company to the HKEx. The Company will submit the relevant application to the HKEx in due course.

LETTER FROM THE BOARD

Accordingly, Shareholders and potential investors of the Company are advised that the spin-off and overseas listing of GP Corp. is subject to the approval by Shareholders, the approval by the CSRC, the HKEx and other relevant regulatory authorities, the final decision of the Board and of the board of directors of GP Corp., market conditions and other factors. As such, there is no assurance that the spin-off and overseas listing of GP Corp. will take place or as to when it may take place.

4. THE COMPLIANCE OF THE OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED WITH THE CIRCULAR ON ISSUES IN RELATION TO REGULATING OVERSEAS LISTING OF SUBSIDIARIES OF DOMESTIC LISTED COMPANIES

The Company, as the controlling shareholder of GP Corp., has verified and confirmed that it met the following requirements as stipulated in Article 2 of the Circular on Issues in Relation to Regulating Overseas Listing of Subsidiaries of Domestic Listed Companies (Zheng Jian Fa [2004] No. 67) (the “**Spin-off Guidelines**”):

(1) Listed Companies Have Been Profitable for the Last Consecutive Three Years

According to the Audit Report (Xin Hui Shi Bao Zi [2018] No. ZC10049) issued by the BDO China Shu Lun Pan Certified Public Accountants LLP, the Audit Report (Ruihua Shen Zi [2019] No. 44010002) by the Ruihua Certified Public Accountants (Special General Partnership) and the Audit Report (WUYIGE Shen Zi [2020] No. 22-00005) issued by the WUYIGE Certified Public Accountants LLP for the Company, the Company realized net profit attributable to shareholders of the parent company of RMB2,061,651,929.01, RMB3,440,980,103.08 and RMB3,188,884,638.91 for the years of 2017, 2018 and 2019, respectively, which is in compliance with Article 2(1) of the Spin-off Guidelines.

(2) Businesses and Assets, into Which Listed Companies’ Issued Shares and Raised Funds in the Last Three Fiscal Years were Invested, Shall Not Be Used as Capital of GP Corp. for the Application for Overseas Listing

Businesses and assets, into which listed companies’ issued shares and raised funds in the last three fiscal years were invested, have not been used as capital of GP Corp. for the application for overseas listing, which is in compliance with Article 2(2) of the Spin-off Guidelines.

(3) Net Profit of Subsidiaries Enjoyed by Listed Companies According to Rights and Interests in the Consolidated Statements of the Last Fiscal Year Shall Not Exceed 50% of Net Profit of Such Listed Companies in the Consolidated Statements

According to the Audit Report (WUYIGE Shen Zi [2020] No. 22-00005) issued by the WUYIGE Certified Public Accountants LLP for the Company, the net profit attributable to shareholders of the parent company in the 2019 consolidated statements amounted to RMB3,188,884,638.91. According to the Audit Report (KPMG Huazhen Sui Shen Zi No. 2000078) issued by KPMG Huazhen LLP for the GP Corp., net profit of GP Corp. in 2019 was

LETTER FROM THE BOARD

RMB372,653,363.89, and net profit of GP Corp. enjoyed by the Company according to rights and interests did not exceed 50% of net profit in its then consolidated statements, which is in compliance with Article 2(3) of the Spin-off Guidelines.

(4) Net Assets of Subsidiaries Enjoyed by Listed Companies according to Rights and Interests in the Consolidated Statements of the Last Fiscal Year Shall Not Exceed 30% of Net Assets of such Listed Companies in the Consolidated Statements

According to the Audit Report (WUYIGE Shen Zi [2020] No. 22-00005) issued by the WUYIGE Certified Public Accountants LLP for the Company, the net assets attributable to shareholders of the parent company in the 2019 consolidated statements amounted to RMB24,184,796,663.85. According to the Audit Report (KPMG Huazhen Sui Shen Zi No. 2000078) issued by KPMG Huazhen LLP for the GP Corp., net assets of GP Corp. in 2019 was RMB4,390,070,899.04, and net assets of GP Corp. enjoyed by the Company according to rights and interests did not exceed 30% of net assets in its then consolidated statements, which is in compliance with Article 2(4) of the Spin-off Guidelines.

(5) No Horizontal Competition may exist Between Listed Companies and Their Subsidiaries, and Their Assets and Finance are Separated from Each Other and No Cross Appointment among Management Personnel may take Place Between Them

1) Competition between listed companies and subsidiaries and rectification

The Company's principal business segments and operations involved include: ①Great Southern TCM: the research and development, manufacturing and sales of Chinese patent medicine, western medicine, chemical raw materials, natural medicine, biological medicine and chemical raw materials intermediates; ②Great Commerce: wholesale, retail and import and export business of Western medicine, Chinese medicine and medical equipment; ③Great Health: the research and development, production and sales of Great Health products; ④Great Medical Care: the health industry investment in medical care, health management, health maintenance and elderly care etc.

GP Corp. is principally engaged in the wholesale and retail of pharmaceutical, specifically wholesale of Western medicine; retail of medicine; wholesale of Chinese patent medicine; wholesale of chemical preparation medicine and biological products (vaccines included); retail of medical products and equipment; medical equipment, etc.

The Company and GP Corp. have a certain degree of competition in the wholesale and retail of pharmaceutical, and the Company has formulated a practicable restructuring plan to address such competition and is gradually implementing the plan. Pursuant to the reorganisation, Cai Zhi Lin, a wholly-owned subsidiary of the Company, has transferred its 100% equity interest in Guangzhou Ao Ma Medical Instruments Co., Ltd. to GP Corp.; Cai Zhi Lin intends to transfer its business divisions, pharmaceutical marketing centre and hospital sales department to GP Corp.; Cai Zhi Lin intends to transfer its 100% equity interest in Guangzhou Chinese Medicine Corporation Cai Zhi Lin Medicine Chain Pharmacies to GP

LETTER FROM THE BOARD

Corp.; Guangzhou Pharmaceutical Import & Export Co., Ltd., a wholly-owned subsidiary of the Company, has transferred the business assets related to its sales department II to GP Corp. (the “**Business Resources Integration**”).

Upon completion of the above-mentioned Business Resources Integration, there is no material competition between the Company and the principal business of GP Corp..

2) ***The listed company and the subsidiary are independent from each other in assets and finance***

The Company and GP Corp. have their own independent and complete operational assets with clear ownership. GP Corp. conducts independent registration, prepares accounts and carries out accounting and management independently for all its assets. The Company has never occupied or disposed of assets of GP Corp., or intervened with the operation and management of assets by GP Corp.. The Company and GP Corp. have their own independent finance departments and have set up accounting systems and financial management systems for parent companies and subsidiaries. Accordingly, the Company and GP Corp. are independent from each other in assets and finance. The Company and GP Corp. maintain separate bank accounts and pay taxes separately.

The Company and GP Corp. are independent from each other in assets and finance.

3) ***No cross appointment among management personnel may take place between the listed companies and the subsidiaries***

No cross appointment among management personnel has taken place between the Company and GP Corp..

(6) **Shares of Subsidiaries as Held by Directors, Senior Management and Affiliated Persons of the Listed Companies and Their Subsidiaries Shall Not Exceed 10% of the Total Share Capital Before such Subsidiaries are Listed Abroad**

Shares in the Company and/or GP Corp. held by directors, senior management and affiliated persons of the Company and GP Corp. did not exceed 10% of the total share capital before Guangzhou Pharmaceuticals is listed abroad.

(7) **The Funds and Assets of the Listed Company are not possessed by any Individual or Legal Person or Other Organization, or the Affiliated Persons hereto, by which it is Actually Controlled, and there are no Other Major Connected Transactions that will Injure its Interests**

The funds and assets of the Company are not possessed by any individual or legal person or other organization, or the affiliated persons hereto, by which it is actually controlled, and there are no other major connected transactions that will injure its interests.

LETTER FROM THE BOARD

(8) The Listed Company has not Committed Major Illegal Acts for the Last Three Years

The Company has not committed major illegal acts for the last three years.

In conclusion, the spin-off and overseas listing of GP Corp. by the Company complies with the requirements of the Spin-off Guidelines.

5. UNDERTAKING OF MAINTAINING INDEPENDENT LISTING STATUS OF THE COMPANY

The overseas listing of GP Corp. will have no adverse impact on the sustainable operation of other business segments of the Company, neither will it affect the Company in maintaining its independent listing status, which is in compliance with applicable laws, regulations, rules and regulatory documents as well as the requirements prescribed in the Spin-off Guidelines.

The Company has, in accordance with the requirements of the Spin-off Guidelines, engaged Guotai Junan Securities Co., Ltd., a securities institution registered with the CSRC and included on the list of sponsor institutions, as financial advisor of the Company, to give opinions on the maintenance of independent listing status, retention of core assets and sustainable operation ability of the Company after the overseas listing of GP Corp., and to supervise the Company in maintaining its independent listing status continuously.

6. EXPLANATIONS ON THE SUSTAINABLE PROFITABILITY AND PROSPECTS OF THE COMPANY

The overseas listing of GP Corp. will have no material impact on the sustainable operation of other business segments of the Company. The overseas listing will be conducive to the further development and growth of GP Corp., the optimization of its corporate governance and capital structure, the continued expansion of its leading position in the industry, as well as the enhancement of the Company's reputation and investment return as a controlling shareholder. In addition, the overseas listing of GP Corp. will effectively facilitate the strategic upgrading of the Company, which will further strengthening the Company's core competitiveness and promote the sustainable development of the Company. Accordingly, the proposed overseas listing of GP Corp. is fair and reasonable and is in the interest of the Company and its Shareholders as well as GP Corp. as a whole.

In conclusion, upon the overseas listing of GP Corp., the Company will be able to maintain stronger abilities in sustainable operation and profitability.

7. PROPOSED AUTHORIZATION TO THE BOARD AND ITS AUTHORIZED PERSONS BY THE GENERAL MEETING TO HANDLE MATTERS, AT THEIR FULL DISCRETION, IN RELATION TO THE SPIN-OFF AND OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED.

To ensure a smooth implementation of the issuance and listing of H Shares of GP Corp., the Board proposed that an authorization shall be granted by the general meeting to the Board and the chairperson of the Board shall be delegated by the Board as the authorized person in handling matters under the plan

LETTER FROM THE BOARD

framework of the issuance and listing of H Shares of GP Corp. to be considered and approved by the general meeting, at their full discretion, in relation to the spin-off and overseas listing of GP Corp., including but not limited to:

- 1) To exercise the Shareholders' right over GP Corp. on behalf of the Company, to make relevant resolution(s) and decision(s) in relation to the spin-off and overseas listing of GP Corp. (except for matters that are required to be resolved by the general meeting of the Company pursuant to the laws and regulations);
- 2) To make and implement the specific plan of spin-off and overseas listing of GP Corp., including but not limited to determining specific method of issuance, size of issuance and timing of issuance; and to make adjustments and changes to the relevant matters in relation to spin-off and listing of GP Corp., its overseas listing plan and contents thereof based on the changes in laws and regulations, requirements and opinions of relevant regulatory authorities and stock exchanges as well as the actual conditions (except for matters that are required to be resolved by the general meeting of the Company pursuant to the laws and regulations);
- 3) To submit application for the spin-off and listing of GP Corp. to the HKEx and relevant applications to relevant regulatory authorities including the CSRC and to deal with related matters, which include but not limited to making responses to relevant enquiries from the HKEx and the CSRC at their full discretion;
- 4) To revise, sign, deliver, accept, disclose and execute any agreements, contracts, undertakings, announcements, circular and legal documents of the Company in relation to spin-off and overseas listing of GP Corp. and make relevant information disclosure in accordance with the applicable regulations and listing rules;
- 5) To decide whether to apply for listing and circulation of the unlisted shares of GP Corp. held by the Company on the HKEx, the number of shares to be circulated, the time for application for circulation, etc., within the scope of all the shares of GP Corp. held by the Company;
- 6) To deal with other necessary matters in connection with the Company in respect of the spin-off and overseas listing of GP Corp..

The abovementioned authorization is valid for 24 months from the date on which this resolution is considered and approved by the general meeting of the Company.

8. PROPOSED PROVISION OF ASSURED ENTITLEMENT TO THE HOLDERS OF H SHARES OF THE COMPANY ONLY FOR THE OVERSEAS LISTING OF GUANGZHOU PHARMACEUTICALS COMPANY LIMITED.

Regarding the spin-off and overseas listing of GP Corp. by the Company, pursuant to the requirements under Practice Note 15 of the Listing Rules of the HKEx, the Company shall have due regard to the interests of its existing Shareholders by way of providing the existing Shareholders with an assured entitlement to the new shares in GP Corp..

LETTER FROM THE BOARD

Due to the impediments arising from legal and policy perspectives for providing the existing holders of A Shares with an assured entitlement to the new shares in GP Corp., the Company will provide assured entitlement to the existing holders of H Shares of the Company only for the spin-off and overseas listing of GP Corp. in order to comply with the requirements under Practice Note 15.

A resolution is to be proposed at the EGM, the class meeting of holders of A Shares and the class meeting of holders of H Shares respectively for consideration and, if thought fit, approval by the Shareholders or class shareholders, as the case may be. If this resolution is considered and approved by Shareholders at the EGM, the class meeting of holders of A Shares and the class meeting of holders of H Shares, the Company will offer an assured entitlement to holders of H Shares only for the proposed spin-off; if this resolution is not considered and approved at the EGM, the class meeting of holders of A Shares or the class meeting of holders of H Shares, the Company will not offer any assured entitlement to any Shareholders for the proposed spin-off.

In accordance with applicable laws, regulations and regulatory requirements, no shareholder is required to abstain from voting on this resolution.

9. INFORMATION ON GP CORP.

GP Corp. was established in 1951 as a joint venture between the Company and Alliance BMP and is principally engaged in the wholesale and retail of pharmaceutical, in which the Company holds 80% of the equity interest. On 29 April 2020, GP Corp. completed the change in ownership and became a company limited by shares with a total share capital of 2,227 million shares, in which the Company holds 80% of the equity interest while Alliance BMP holds 20%. Its basic information is as follows:

Company name: Guangzhou Pharmaceuticals Company Limited
Registered capital: RMB2,227,000,000
Registered address: No. 97-103, Datong Road, Liwan District, Guangzhou
Legal representative: Zheng Jianxiong
Type of enterprise: company limited by shares (foreign investment, unlisted)

Main business: wholesale of Western medicine; retail of pharmaceutical; wholesale of Chinese patent medicine; wholesale of chemical preparation medicine and biological products (vaccines included); retail of medical products and equipment; medical equipment.

Key financial data of the entity to be spun off and listed abroad

As of 31 December 2019, the key financial indicators of GP Corp. are as follows.

Items	In 2019
Operating income (RMB'0,000)	4,113,000.03
Net profit (RMB'0,000)	37,265.34

LETTER FROM THE BOARD

Items	At the end of 2019
Total assets (RMB'0,000)	2,269,476.17
Net assets (RMB'0,000)	439,007.09
Capital (ten thousand shares)	222,700

Note: The above figures are extracted from the “KPMG Huazhen Sui Shen Zi No. 2000078” Audit Report.

10. PURPOSE AND EFFECT OF THE PROPOSED SPIN-OFF AND LISTING

The proposed spin-off of GP Corp. to the HKEx for listing is in line with the strategic deployment for the Group’s globalized business. As a leading pharmaceutical distribution enterprise in the PRC, GP Corp. will enhance its competitive advantages and reinforce its governance level by enhancing its capital strength and introducing strategic investors in the course of listing, while at the same time further promoting strategic upgrading, building a global brand image, establishing an independent, sustainable, stable and efficient capital operation platform, providing a more diversified capital channel for business development to further consolidate our core business and further strengthening the Company’s core competitiveness and promoting the sustainable development.

11. CLOSURE OF REGISTER OF MEMBERS FOR HOLDERS OF H SHARES

The register of members of the Company will be closed from Saturday, 24 October 2020 to Monday, 23 November 2020 (both days inclusive) for the purpose of determining the entitlements of the Shareholders to attend the EGM and the Class Meeting of the Holders of H Shares, during which no transfer of H Shares will be effected. In order to qualify to attend the EGM and the Class Meeting of the Holders of H Shares, all transfers, accompanied by the relevant share certificates, must be lodged with the Company’s H Share Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 3 November 2020.

12. EGM, CLASS MEETING OF THE HOLDERS OF A SHARES AND CLASS MEETING OF THE HOLDERS OF H SHARES

The EGM will be held at the Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC on Monday, 23 November 2020 at 10:00 a.m. The notice convening the EGM is set out on pages 20 to 24 of this circular. Resolutions on all the matters mentioned in this circular will be proposed at the EGM for the consideration of the Shareholders.

The Class Meeting of the Holders of A Shares will be held on Monday, 23 November 2020 immediately after the conclusion of the EGM at the same venue. Resolution on the proposed provision of assured entitlement to the holders of H shares of the Company only for the overseas listing of Guangzhou Pharmaceuticals Company Limited will be proposed at the Class Meeting of the Holders of A Shares for the consideration of those Shareholders holding A Shares.

LETTER FROM THE BOARD

The Class Meeting of the Holders of H Shares will be held on Monday, 23 November 2020 immediately after the conclusion of the Class Meeting of the Holders of A Shares at the same venue. The notice convening the Class Meeting of the Holders of H Shares is set out on pages 25 to 28 of this circular. Resolution on the proposed provision of assured entitlement to the holders of H shares of the Company only for the overseas listing of Guangzhou Pharmaceuticals Company Limited will be proposed at the Class Meeting of the Holders of H Shares for the consideration of those Shareholders holding H Shares.

Whether or not you intend to attend the EGM and/or the Class Meeting of the Holders of H Shares, please complete the relevant forms of proxy despatched together with the aforementioned notices in accordance with the instructions printed thereon and return the forms of proxy to the office of the Company's H Share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) as soon as possible and in any event not less than 24 hours before the time appointed for the EGM or the Class Meeting of the Holders of H Shares (as the case may be). Completion and return of the forms of proxy will not preclude you from attending and voting in person at the EGM and/or the Class Meeting of the Holders of H Shares should you so wish.

All the votes of the Shareholders at each of the EGM, the Class Meeting of the Holders of A Shares and the Class Meeting of the Holders of H Shares will be taken by poll.

13. RECOMMENDATIONS

The Directors consider that the proposed change in use of partial proceeds, the proposed settlement of partial proceeds invested in projects and permanent replenishment of replenishment of working capital from the remaining proceeds, the plan of the proposed overseas listing of Guangzhou pharmaceuticals Company Limited, the compliance of the overseas listing of Guangzhou pharmaceuticals Company Limited with the circular on issues in relation to regulating overseas listing of subsidiaries of domestic listed companies, undertaking of maintaining independent listing status of the Company, explanations on the sustainable profitability and prospects of the Company, the proposed authorization to the board and its authorized persons by the general meeting to handle matters, at their full discretion, in relation to the spin-off and overseas listing of Guangzhou Pharmaceuticals Company Limited, and the proposed provision of assured entitlement to the holders of H shares of the Company only for the overseas listing of Guangzhou Pharmaceuticals Company Limited as mentioned in this circular is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders should vote in favour of all the proposed resolutions.

14. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular

Yours faithfully

The Board of

Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

NOTICE OF THE EGM

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廣州白雲山醫葯集團股份有限公司

GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

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

(H Share Stock Code: 0874)

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING IN 2020

IMPORTANT NOTICE

- Date and time of the third extraordinary general meeting in 2020 (the “EGM”) to be held on-site: 23 November 2020 (Monday) at 10:00 a.m.
- Registration date of the EGM: 23 October 2020 (Friday)
- Place of the EGM: Conference Room of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “Company”), 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the People’s Republic of China (the “PRC”)
- Manner of the voting at the EGM: the manner of the voting at the EGM will be both on-site and by way of network voting (applicable to A shares)

I. INFORMATION REGARDING THE CONVENING OF THE EGM

1. The resolution on convening the EGM was considered and passed at the 4th meeting of the eighth session of the board of directors of the Company (the “Board”).
2. Date and time of the EGM: 23 November 2020 (Monday) at 10:00 a.m.
3. Place of the EGM: Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC.
4. The convener of the meeting: the Board.
5. Manner of voting: the manner of voting for the EGM will be both on-site and by way of network voting (applicable to A shares).
6. The system, commencement date, ending date and voting time of the network voting (applicable to A shares):

NOTICE OF THE EGM

The Company will utilize the network voting system of The Shanghai Stock Exchange. The time for casting votes via the voting platform of the trading system is the trading sessions on the date on which the EGM will be held on 23 November 2020 i.e. 9:15 to 9:25, 9:30 to 11:30 and 13:00 to 15:00. The time for casting votes via network voting will be from 9:15 to 15:00 on the date on which the EGM will be held.

7. The voting procedure of accounts in respect of margin trading and securities lending, refinancing, buy-back agreement business and investors of the Northbound Trading Link

The voting procedure of accounts in respect of margin trading and securities lending, refinancing, buy-back agreement business and investors of the Northbound Trading Link shall be conducted in accordance with, among others, the relevant provisions of the Detailed Rules of the Shanghai Stock Exchange for Online Voting at Shareholders' General Meetings of Listed Companies.

8. Solicitation of shareholders' voting rights

Not applicable

II. MATTERS TO BE CONSIDERED AT THE EGM

To be considered and approved by way of ordinary resolutions:

1. Resolution on changes in use of proceeds from the fund raising of the Company;
2. Resolution on closing of investment project using proceeds from the fund raising, and the surplus of which to be used to supplement the working capital permanently.
3. The resolution on Initial Public Offering of Overseas Listed Foreign Capital shares (H shares) Regarding and the Proposal in relation to the Overseas Listing of Guangzhou Pharmaceuticals Company Limited;
4. The resolution Regarding the Compliance of the Overseas Listing of Guangzhou Pharmaceuticals Company Limited with the "Circular on Issues in Relation to Regulating Overseas Listing of Subsidiaries of the PRC Listed Companies";
5. The resolution Regarding the Undertaking of Maintaining the Independent Listing Status of the Company;
6. The resolution Regarding the Explanations on the Sustainable Profitability Statement and Prospects of the Company; and
7. The resolution Regarding the Authorisation to the Board and its Authorised Persons to Deal with Matters in Relation to the Spin-off and Listing of Guangzhou Pharmaceuticals Company Limited;

NOTICE OF THE EGM

The above resolutions were approved at the 4th meeting of the eighth session of the Board and the 3rd meeting of the eighth session of the supervisory committee of the Company held on 25 August 2020 and the 6th meeting of the eighth session of the Board held on 30 September 2020.

To be considered by way of special resolution:

8. The resolution Regarding provision of Assured Entitlement to the H Shareholder(s) of the Company only for the Spin-off and Overseas Listing of Guangzhou Pharmaceuticals Company Limited.

The above resolution was approved at the 6th meeting of the eighth session of the Board held on 30 September 2020.

III. ATTENDEES OF THE EGM AND BOOK CLOSURE PERIOD FOR HOLDERS OF H SHARES

1. Holders of domestic shares (A shares) and overseas listed foreign shares (H shares) whose names appear on the register of members of the Company after the end of the trading hours on 23 October 2020 (Friday) (including those holders of H shares who have submitted verified application documents for the transfer of shares on or before 23 October 2020) are entitled to attend the EGM. The register of members of the Company will be closed from 24 October 2020 (Saturday) to 23 November 2020 (Monday) (both days inclusive) during which no transfer of H shares will be effected. In order to determine who are entitled to attend the EGM, all share transfer documents of H shares together with the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, namely Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for share transfer registration no later than 4:30 p.m. on 23 October 2020 (Friday).
2. Any shareholder entitled to attend and vote at the EGM is entitled to appoint one or more proxies (whether or not he/she is a shareholder) to attend and vote at the meeting on his/her behalf. If any shareholder appoints more than one proxy, the proxies can only vote by poll. To be valid, the proxy form and the notarially certified power of attorney and/or other documents of authorization (if any) must be delivered to the address of the Company's office (for holders of A shares) or the office address of the Company's H share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H shares) not less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof.
3. Shareholders who intend to attend the EGM in person or by proxy should complete and return the attached reply slip by hand, by mail or by fax in accordance with the instructions printed thereon on or before 3 November 2020 (Tuesday).
4. The directors, supervisors and senior management of the Company.
5. The lawyers of the Company.

NOTICE OF THE EGM

IV. REGISTRATION FOR THE EGM

A. Methods of registration

To attend the EGM, an individual shareholder should bring along his/her identity card, shareholder account card of the principal; a proxy should bring along the proxy form, his/her identity card and the identity card of the principal and the shareholder account card for registration purpose. A legal person shareholder should bring along a copy of the business license, the proxy form signed by the representative of the legal entity, the shareholder account card of the principal and the identity card of the attendee for registration purpose.

B. Place and time of registration:

Registration date and time: 09:30 a.m.- 11:30 a.m. and 2:00 p.m.- 4:30 p.m. on 3 November 2020 (Tuesday)

Place of registration: Office of the secretariat to the Board, 2nd Floor, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC

V. OTHERS

1. Address: 2nd Floor of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC
Postal code: 510130
Contact person: Huang Ruimei/Li Li
Tel: (8620) 6628 1216/6628 1219
Fax: (8620) 6628 1229
Email: sec@gybys.com.cn
2. Address of Shanghai Branch of China Securities Depository and Clearing Corporation Limited: No. 188 Yanggaonan Road, Pudong New Area, Shanghai, the PRC
Address of Hong Kong Registrars Limited: Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
3. The EGM is expected to last for a day. Shareholders attending the EGM shall be responsible for their own travelling and accommodation expenses.
4. Reporters attending the EGM shall register before the registration time for the shareholders.

NOTICE OF THE EGM

VI. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolutions passed at the 4th meeting of the eighth session of the Board and the relevant announcement;
2. Resolutions passed at the 3rd meeting of the eighth session of the supervisory committee of the Company and the relevant announcement; and
3. Resolutions passed at the 6th meeting of the eighth session of the Board and the relevant announcement.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 8 October 2020

As at the date of this notice, the Board comprises Mr. Li Chuyuan, Mr. Yang Jun, Ms. Cheng Ning, Ms. Liu Juyan, Mr. Li Hong, Mr. Wu Changhai and Mr. Zhang Chunbo as executive directors, and Mr. Wong Hin Wing, Ms. Wang Weihong, Mr. Chen Yajin and Mr. Huang Min as independent non-executive directors.

NOTICE OF THE CLASS MEETING OF THE HOLDERS OF H SHARES

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廣州白雲山醫葯集團股份有限公司

GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS CO., LTD.

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

(H Share Stock Code: 0874)

NOTICE OF THE SECOND CLASS MEETING OF HOLDERS OF H SHARES IN 2020

IMPORTANT NOTICE

- Date and time of the first class meeting of holders of H shares in 2020 (the “**Class Meeting of H Shareholders**”): 23 November 2020 (Monday) (immediately after the conclusion of the Third Extraordinary General Meeting in 2020 which shall commence at 10:00 a.m. and the second class meeting of holders of A shares in 2020 or any adjournments thereof held on the same date and at the same place)
- Manner of voting: on-site

I. INFORMATION REGARDING THE CONVENING OF THE CLASS MEETING OF H SHAREHOLDERS

1. The resolution to convene the Class Meeting of H Shareholders was considered and passed at the 6th meeting of the eighth session of the board of directors (the “**Board**”) of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (“the **Company**”).
2. Date and time of the Class Meeting of H Shareholders: 23 November 2020 (Monday) (immediately after the conclusion of the Third Extraordinary General Meeting in 2020 which shall commence at 10:00 a.m. and the second class meeting of holders of A shares in 2020 or any adjournments thereof held on the same date and at the same place).
3. Place of the Class Meeting of H Shareholders: Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the People’s Republic of China (“**PRC**”).
4. The Convener of the meeting: the Board.
5. Manner of voting: on-site.
6. Solicitation of shareholders’ voting rights

Not applicable

NOTICE OF THE CLASS MEETING OF THE HOLDERS OF H SHARES

II. MATTERS TO BE CONSIDERED AT THE CLASS MEETING OF H SHAREHOLDERS

The resolution Regarding provision of Assured Entitlement to the H Shareholder(s) of the Company only for the Spin-off and Overseas Listing of Guangzhou Pharmaceuticals Company Limited.

The above resolution to be proposed at the class meeting of shareholders should be casted in favour by more than two-thirds of the votes from the Shareholders who are entitled to attend and vote at the class meeting of H shareholders.

The above proposed resolution was approved at the 6th meeting of the eighth session of the Board held on 30 September 2020.

III. ATTENDEES OF THE CLASS MEETING OF H SHAREHOLDERS

1. Holders of overseas listed foreign capital shares (H shares) whose names appear on the register of members of the Company at the close of business in the afternoon on 23 October 2020 (Friday) (including those holders of H shares who have already successfully submitted documents of shareholding transfer applications on or before 23 October 2020 (Friday) are entitled to attend the Class Meeting of H shareholders. The register of members of the Company will be closed from 24 October 2020 (Saturday) to 23 November 2020 (Monday) (both days inclusive) during which no transfer of H shares will be effective. In order to determine who are entitled to attend the Class Meeting of H Shareholders, all share transfer documents of H shares together with the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, namely Hong Kong Registrars Limited, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for share transfer registration no later than 4:30 p.m. on 23 October 2020 (Friday).
2. Any shareholder entitled to attend and vote at the Class Meeting of H Shareholders is entitled to appoint one or more proxies (whether or not he/she is a shareholder) to attend and vote at the meeting on his/her behalf. If any shareholder appoints more than one proxy, the proxies can only vote by poll. To be valid, the proxy form and the notarially certified power of attorney or other documents of authorization (if any) must be delivered to the office address of the Company's H share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H shares) no less than 24 hours before the time appointed for the holding of the Class Meeting of H Shareholders or any adjournment thereof.
3. Shareholders who intend to attend the Class Meeting of H Shareholders in person or by proxy should complete and return the attached reply slip by hand, by mail or by fax in accordance with the instructions printed thereon before 3 November 2020 (Tuesday).
4. The directors, supervisors and senior management of the Company.
5. The lawyers of the Company.

NOTICE OF THE CLASS MEETING OF THE HOLDERS OF H SHARES

IV. REGISTRATION FOR THE CLASS MEETING OF H SHAREHOLDERS

1. Methods of registration

To attend the Class Meeting of H Shareholders, an individual shareholder should bring along his/her identity card, shareholder account card; a proxy should bring along the proxy form, his/her identity card and the identity card of the principal and the shareholder account card for registration purpose. A legal person shareholder should bring along a copy of the business license, the proxy form signed by the legal entity, the shareholder account card and the identity card of the attendee for registration purpose.

2. Place and time of registration:

Registration date and time: 09:30 a.m. - 11:30 a.m. and 2:00 p.m. - 4:30 p.m. on
3 November 2020 (Tuesday)

Place of registration: Office of the secretariat to the Board, 2nd Floor, 45
Sha Mian North Street, Liwan District, Guangzhou
City, Guangdong Province, the PRC

V. OTHERS

1. Address: 2nd Floor of Guangzhou Baiyunshan Pharmaceutical Holdings
Company Limited, 45 Sha Mian North Street, Liwan District,
Guangzhou City, Guangdong Province, the PRC
Postal code: 510130
Contact person: Huang Ruimei/Li Li
Tel: (8620)6628 1216/6628 1219
Fax: (8620)6628 1229
Email: sec@gybys.com.cn
2. Address of Hong Kong Registrars Limited: Shops 1712-1716, Hopewell Centre, 183 Queen's Road East,
Wan Chai, Hong Kong
3. The Class Meeting of H Shareholders is expected to last for half a day. Shareholders attending the meeting shall be responsible for their own travelling and accommodation expenses.
4. Reporters attending the Class Meeting of H Shareholders should register in advance during the shareholder registration time.

NOTICE OF THE CLASS MEETING OF THE HOLDERS OF H SHARES

VI. DOCUMENTS AVAILABLE FOR INSPECTION

Resolutions passed at the 6th meeting of the eighth session of the Board and the relevant announcement.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 8 October 2020

As at the date of this notice, the Board comprises Mr. Li Chuyuan, Mr. Yang Jun, Ms. Cheng Ning, Ms. Liu Juyan, Mr. Li Hong, Mr. Wu Changhai and Mr. Zhang Chunbo as executive directors, and Mr. Wong Hin Wing, Ms. Wang Weihong, Mr. Chen Yajin and Mr. Huang Min as independent non-executive directors.