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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)

**DISCLOSEABLE TRANSACTION:
DISPOSALS OF ACCOUNTS RECEIVABLE**

In the announcement of the Company dated 10 September 2021, the Board announced that on 13 August 2021, GP Corp., a subsidiary of the Company, and Industrial Securities Asset Management entered into the Agreement on Sale and Purchase of Underlying Assets of the Industry Yuanrong – Accounts Receivable Phase II of GP Corp. Asset-backed Special Scheme, the issue size under which was RMB1 billion, pursuant to which, GP Corp. entered into a Completion Confirmation Letter and five Completion Confirmation Letters of the new Underlying Assets (“**Transaction I**” “**Transaction J**” “**Transaction K**” “**Transaction L**” and “**Transaction M**”). GP Corp. entered into the Completion Confirmation Letter of the new Underlying Assets with Industrial Securities Asset Management on 1 February 2023 to confirm the disposal of the sixth new Underlying Assets of GP Corp. to Industrial Securities Asset Management and the receipt of the consideration of RMB311,611,379.78 (“**Transaction N**”).

The applicable percentage ratios in respect of Transaction K, Transaction L, Transaction M and Transaction N, on an aggregate basis, is higher than 5% but lower than 25%. As such, on an aggregate basis, these transactions constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and they are subject to the reporting and announcement requirements under the Listing Rules but are not required to be approved by the shareholders of the Company.

1. BACKGROUND

- (1) Reference is made to (a) the announcement of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “**Company**”) dated 10 September 2019 in relation to the proposed disposals of accounts receivable (the “**2019 Announcement**”); (b) the announcement of the Company dated 22 June 2020 in relation to the disposals of accounts receivable; (c) the announcement of the Company dated 10 September 2021 in relation to the disposals of accounts receivable (the “**2021 Announcement**”); (d) the announcement of the Company dated 28 April 2022 in relation to the disposals of accounts receivable (the “**April 2022 Announcement**”); (e) the announcement of the Company dated 28 July 2022 in relation to the disposals of accounts receivable (the “**July 2022 Announcement**”) and (f) the announcement of the Company dated 28 October 2022 in relation to the disposals of accounts receivable (the “**October 2022 Announcement**”). Capitalised terms used in this announcement have the same meanings as defined in the aforesaid announcements unless the context otherwise requires.
- (2) The Company convened the 26th meeting of the seventh session of the Board on 10 September 2019 at which the resolution approving Guangzhou Pharmaceuticals Company Limited (“**GP Corp.**”) to conduct asset-backed securitization of accounts receivable was considered and approved. Subsequently, the 2019 Announcement was published and the aforesaid resolution was approved at the second extraordinary general meeting in 2019 of the Company held on 12 November 2019.

2. ENTERING INTO THE UNDERLYING ASSETS SALE AND PURCHASE AGREEMENT (PHASE II) AND THE RELATED COMPLETION CONFIRMATION LETTER AND COMPLETION CONFIRMATION LETTERS OF THE NEW UNDERLYING ASSETS

- (1) As disclosed in section 3 of the 2021 Announcement, section 3 of the April 2022 Announcement, section 2 of the July 2022 Announcement and section 2 of the October 2022 Announcement, on 13 August 2021, GP Corp. and Industrial Securities Asset Management entered into Underlying Assets Sale and Purchase Agreement (Phase II), the issue size under which was RMB1 billion. Subsequently, GP Corp. and Industrial Securities Asset Management entered into a Completion Confirmation Letter and five Completion Confirmation Letters of the new Underlying Assets for carrying out the transactions contemplated under the Underlying Assets Sale and Purchase Agreement (Phase II), confirming the assets sold by GP Corp. to Industrial Securities Asset Management and the consideration received by GP Corp. in this regard.
- (2) Subsequent to the October 2022 Announcement, GP Corp. and Industrial Securities Asset Management entered into the sixth Completion Confirmation Letters of the new Underlying Assets for carrying out the transactions contemplated under the Underlying Assets Sale and Purchase Agreement (Phase II), confirming the assets sold by GP Corp. to Industrial Securities Asset Management and the consideration received by GP Corp. in this regard.

| Date of the Completion Confirmation Letter | The assets sold by GP Corp. | Consideration received by GP Corp. (RMB) |
|---|---|---|
| 28 April 2022 | The third new Underlying Assets (i.e. the accounts receivable with a face value of RMB613,328,768.36) (“ Transaction K ”) | 599,167,381.33 |
| 28 July 2022 | The fourth new Underlying Assets (i.e. the accounts receivable with a face value of RMB731,437,398.24) (“ Transaction L ”) | 730,857,116.38 |
| 28 October 2022 | The fifth new Underlying Assets (i.e. the accounts receivable with a face value of RMB711,366,182.85) (“ Transaction M ”) | 711,200,386.24 |
| 1 February 2023 | The sixth new Underlying Assets (i.e. the accounts receivable with a face value of RMB314,141,987.14) (“ Transaction N ”, together with Transaction K, Transaction L and Transaction M referred to as “ Subject Transactions ”) | 311,611,379.78 |

The basis of determination of the considerations shown in the above table is the same as disclosed in the section headed “PRINCIPAL TERMS OF THE PROPOSED UNDERLYING ASSETS SALE AND PURCHASE AGREEMENT – 2. The basis of determining the consideration of the Transaction” in the 2019 Announcement. The third new Underlying Assets, the fourth new Underlying Assets, the fifth new Underlying Assets and the sixth new Underlying Assets were sold through General Revolving Purchase, the consideration of which was calculated by multiplying the face value of the new Underlying Assets at the discount rate. As disclosed in the section headed “PRINCIPAL TERMS OF THE PROPOSED UNDERLYING ASSETS SALE AND PURCHASE AGREEMENT – 2. The basis of determining the consideration of the Transaction” in the 2019 Announcement, the discount rate was determined by GP Corp. and Industrial Securities Asset Management after negotiation on an arm’s length basis with reference to (i) the coupon rate and the duration of the asset-backed securities under the Special Scheme; (ii) future collection period of accounts receivable of the Underlying Assets; (iii) future recoverability of accounts receivable of the Underlying Assets; and (iv) relevant tax expenses related to the Special Scheme.

3. PRINCIPAL TERMS OF THE UNDERLYING ASSETS SALE AND PURCHASE AGREEMENTS

The principal terms of the Underlying Assets Sale and Purchase Agreement (Phase II) are the same as disclosed in the section headed “PRINCIPAL TERMS OF THE PROPOSED UNDERLYING ASSETS SALE AND PURCHASE AGREEMENT” in the 2019 Announcement.

4. THE FINANCIAL IMPACTS OF THE DISPOSALS AND THE USE OF PROCEEDS

Based on the disclosure in section 2 of this announcement, the aggregate sum of the face values of the accounts receivable under Transaction K, Transaction L, Transaction M and Transaction N was RMB2,370,274,336.59, and the total consideration received by GP Corp. was RMB2,352,836,263.73. The difference between the face values of the accounts receivable under the Subject Transactions and the total consideration (i.e. approximately RMB17 million) will be used for settling part of the financing costs and relevant tax expenses incurred under the Industry Yuanrong – Accounts Receivable Phase II of GP Corp. Asset-backed Special Scheme.

As disclosed in the 2019 Announcement, the proceeds from the Subject Transactions are intended for supplementing the working capital of GP Corp..

5. INFORMATION OF GP CORP. AND INDUSTRIAL SECURITIES ASSET MANAGEMENT

GP Corp. is a non-wholly-owned subsidiary of the Company established in the PRC which is owned as to 90.92% by the Company. GP Corp and its subsidiaries are principally engaged in the distribution and retail of a wide range of pharmaceutical products and dedicated to providing supply chain services to its upstream and downstream partners along the pharmaceutical industry value chain. It mainly provides comprehensive, integrated distribution services to hospitals and other medical institutions, distributors and retail pharmacies in the PRC.

Industrial Securities Asset Management is a company established in the PRC with limited liability and is a wholly-owned asset management subsidiary of Industrial Securities Co., Ltd. (“ISCL”). Industrial Securities Asset Management mainly engages in securities asset management. To the best of the knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, (1) ISCL is a company listed on the Shanghai Stock Exchange (stock ticker: INDUSTRIALS SECURITIES) whose largest shareholder is the Department of Finance of Fujian Province (福建省財政廳) which, holds approximately 20.44% of the shares of ISCL, and (2) Industrial Securities Asset Management and its ultimate beneficial owners were third parties independent of the Company and its connected persons on the dates of each of Transaction K, Transaction L, Transaction M and Transaction N.

6. REASONS FOR AND BENEFITS OF THE SUBJECT TRANSACTIONS

As disclosed in the 2019 Announcement, GP Corp. would utilize its accounts receivable for asset-backed securitization through transactions contemplated under the Subject Transactions, thus allowing the conversion of accounts receivable into cash assets which are of higher liquidity and in turn achieving the purpose of revitalizing its stock of assets. In light of the aforesaid reasons and the terms of the Subject Transactions disclosed in this announcement, the Board is of the view that the terms of the Subject Transactions are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

7. IMPLICATIONS UNDER THE LISTING RULES

Transaction K, Transaction L and Transaction M were disclosed in the October 2022 Announcement, the applicable percentage ratios in respect of Transaction N are lower than 5%. Accordingly, Transaction N does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Transaction N is required to be aggregated with those transactions entered into under the Underlying Assets Sale and Purchase Agreement (Phase II) which were completed within a 12 month period prior to the entry into of itself pursuant to Rule 14.22 of the Listing Rules. Accordingly, Transaction N is required to be aggregated with Transaction K, Transaction L and Transaction M (i.e. the Subject Transactions). As the highest of the applicable percentage ratios in respect of the Subject Transactions exceeds 5% but is lower than 25%, the Subject Transactions, on an aggregate basis, constitute a disclosable transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Subject Transactions are subject to the reporting and announcement requirements under the Listing Rules but are not required to be approved by the shareholders of the Company.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 1 February 2023

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