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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)

**INSIDE INFORMATION
PROPOSED SPIN-OFF AND OVERSEAS LISTING
OF GUANGZHOU PHARMACEUTICAL CORPORATION
ON THE STOCK EXCHANGE OF HONG KONG LIMITED**

This announcement is made by Guangzhou Baiyunshan Pharmaceutical Holdings Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

The board of directors of the Company (the “**Board**”) is pleased to announce that at a meeting held on 10 September 2019, the Board considered and approved, among other things, the resolutions in relation to authorize the management of the Company to initiate the preliminary preparatory work for the spin-off and overseas listing of Guangzhou Pharmaceutical Corporation (the “**GP Corp.**”) on the Stock Exchange of Hong Kong Limited (the “**HKEx**”) (the “**Proposed Spin-off and Listing**”).

BASIC INFORMATION ABOUT GP CORP.

GP Corp. was incorporated in the People’s Republic of China (the “**PRC**”) in 1951. As at the date of this announcement, the Company and Alliance BMP Limited owned 80% and 20% shareholding interests in GP Corp. respectively. GP Corp. is principally engaged in wholesale of Western medicine; retail of medicine; wholesale of Chinese medicine and Chinese Herbal Slices; retail of Chinese Herbal Slices; wholesale of chemicals and biological medicine (vaccine included); retail of medical supplies and equipment (drug and medical instrument excluded) and etc..

THE RESOLUTION IN RELATION TO PROPOSED SPIN-OFF AND LISTING COMPLYING WITH THE CIRCULAR ON ISSUES IN RELATION TO REGULATING OVERSEAS LISTING OF SUBSIDIARIES OF DOMESTIC LISTED COMPANIES

The Company, as the controlling shareholder of the GP Corp. which the subject of the proposed listing, shall comply with the following conditions under Article 2 in *The Circular on Issues in relation to Regulating Overseas Listing of Subsidiaries of Domestic Listed Companies* (Zheng Jian Fa 2004 No. 67) (《關於規範境內上市公司所屬企業到境外上市有關問題的通知》(證監發[2004]67號)) (the “**Circular**”) issued by China Securities Regulatory Commission (the “**CSRC**”):

1. The listed company has been profitable in the latest three years consecutively;
2. The businesses and assets in which the listed company has invested with the proceeds from its share issues and fund raisings within the latest three accounting years shall not be used as its capital contribution to the subsidiaries for the purpose of applying for overseas listing;
3. The net profit of the subsidiary that the listed company is entitled to according to the equity in the consolidated statements for the latest accounting year shall not exceed 50% of the net profit in the consolidated statements of the listed company;
4. The net assets of the subsidiary that the listed company is entitled to according to the equity in the consolidated statements for the latest accounting year shall not exceed 30% of the net assets in the consolidated statements of the listed company;
5. There is no competition within the same industry between the listed company and the subsidiary, and they are independent from each other in assets and finance, and have no overlapping management;
6. The shares of the subsidiary held by the directors, senior management of the listed company and the subsidiary and their affiliated persons shall not exceed 10% of the total share capital of the subsidiary prior to the overseas listing;
7. The funds or assets of the listed company are not in the possession of the individual, legal person or other organization and their related parties which has the actual controlling power over the listed company, and there are no major connected transactions that would prejudice the interests of the listed company; and
8. The listed company has no acts of major violations of laws or regulations in the latest three years.

According to the preliminary judgment of the Company, the Company meets the above requirements except for the possibility of competition between a small amount of business of the Group and GP Corp.. The Company will employ financial advisers for the Proposed Spin-off and Listing, who is securities operating institutions registered by CSRC and listed as sponsorship institutions, to conduct

due diligence, prudent verification and issue special reports in accordance with the relevant requirements of the Circular. On the issue of inter-industry competition, the Company will formulate practical solutions based on the financial adviser's special report, including but not limited to asset injection, business integration, business trusteeship, etc., to promote the Proposed Spin-off and Listing actively.

AUTHORIZATION MATTERS

In view of the complexity of the Proposed Spin-off and Listing and lots of internal and external approval procedures involved, in order to ensure the smooth progress of the work, the Board authorized the Company's management to initiate the preliminary preparatory work for the Proposed Spin-off and Listing, including but not limited to the demonstration of feasibility schemes, the selection of intermediaries, the introduction of strategic investment (if any), compilation of listing plans and application materials, signing of relevant agreements involved in the planning process and other listing-related matters are organized, and the proposal and other related matters are submitted to the Board and shareholders general meeting of the Company for consideration after formulating the Proposed Spin-off and Listing.

The shareholders and potential investors of the Company are advised to note that the Proposed Spin-off and Listing is at the start-up stage of the project and subject to, among other things, the approval of the shareholders of the Company, the approval of CSRC and the HKEx, the final decision of the Board, market conditions and other factors. Accordingly, the shareholders and potential investors of the Company should be aware that there is no assurance that the Proposed Spin-off and Listing will take place or as to when it may take place. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Any person who is in doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional advisers.

Further announcement(s) will be made by the Company in relation to the Proposed Spin-off and Listing as and when appropriate in accordance with the Listing Rules.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 10 September 2019

As at the date of this announcement, the Board comprises Mr. Li Chuyuan, Ms. Cheng Ning, Ms. Liu Juyan, Mr. Ni Yidong, Mr. Li Hong, Mr. Wu Changhai and Mr. Zhang Chunbo as executive directors, and Mr. Chu Xiaoping, Mr. Jiang Wenqi, Mr. Wong Hin Wing and Ms. Wang Weihong as independent non-executive directors.