

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

THE TRANSACTION

On 30 October 2023, GP Corp. entered into the Completion Confirmation Letter of the new Underlying Assets with Industrial Securities Asset Management pursuant to Underlying Assets Sale and Purchase Agreement (Phase III) to confirm the disposal of the third new Underlying Assets of GP Corp. to Industrial Securities Asset Management and the receipt of the consideration of RMB687,592,481.77.

IMPLICATIONS UNDER THE LISTING RULES

As all the applicable percentage ratios in respect of the Transaction as calculated under Rule 14.07 of the Listing Rules are below 5%, the Transaction, on a standalone basis, does not constitute a notifiable transaction of the Company and is therefore exempted from all disclosure requirements under Chapter 14 of the Listing Rules.

Nevertheless, pursuant to Rule 14.22 of the Listing Rules, a series of transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. As the Transaction and the Previous Transactions were all entered into between GP Corp. and Industrial Securities Asset Management within a 12-month period and were of similar nature, such transactions shall be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Transaction upon aggregation with the Previous Transactions is higher than 5% but is lower than 25%, the Transaction constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under the Listing Rules but is exempt from the shareholders' approval requirements.

1. BACKGROUND

References are made to the announcements of the Company dated 1 February 2023, 19 April 2023 and 10 May 2023 in relation to the Previous Transactions. Capitalised terms used in this announcement have the same meanings as defined in the aforesaid announcements unless the context otherwise requires.

2. THE TRANSACTION AND PREVIOUS TRANSACTIONS

The transaction in respect of the sixth Completion Confirmation Letter of the new Underlying Assets under the Underlying Assets Sale and Purchase Agreement (Phase II)

As disclosed in section 3 of the announcement of the Company dated 10 September 2021 and section 2 of the Announcement dated 1 February 2023, on 13 August 2021, GP Corp. and Industrial Securities Asset Management entered into the 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 six 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.

Details of the transaction contemplated under the sixth Completion Confirmation Letter of the new Underlying Assets is as follows:

Date of the Completion Confirmation Letter	The assets sold by GP Corp.	Consideration received by GP Corp. (RMB)
1 February 2023	The sixth new Underlying Assets (i.e. the accounts receivable with a face value of RMB314,141,987.14) (“ Previous Transaction N ”)	311,611,379.78

The basis of determination of the consideration 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 announcement of the Company dated 10 September 2019. The sixth new Underlying Assets was 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. 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.

The transactions under the Underlying Assets Sale and Purchase Agreement (Phase III)

As disclosed in section 3 of the announcement of the Company dated 19 April 2023 and section 3 of the announcement dated 10 May 2023, on 20 March 2023, GP Corp. and Industrial Securities Asset Management entered into the Underlying Assets Sale and Purchase Agreement (Phase III), the issue size under which was RMB1 billion. Subsequently, GP Corp. and Industrial Securities Asset Management entered into a Completion Confirmation Letter and three Completion Confirmation Letters of the new Underlying Assets for carrying out the transactions contemplated under the Underlying Assets Sale and Purchase Agreement (Phase III), confirming the assets sold by GP Corp. to Industrial Securities Asset Management and the consideration received by GP Corp. in this regard.

Details of the transactions in respect of the Completion Confirmation Letter and three Completion Confirmation Letters under the Underlying Assets Sale and Purchase Agreement (Phase III) are as follows:

Date of each of the Completion Confirmation Letters	The assets sold by GP Corp.	Consideration received by GP Corp. (RMB)
19 April 2023	Initial Underlying Assets (i.e. the accounts receivable with a face value of RMB1,013,835,672.05) (“ Previous Transaction O ”)	1,000,000,000.00
10 May 2023	The first new Underlying Assets (i.e. the accounts receivable with a face value of RMB26,997,453.81) (“ Previous Transaction P ”)	26,997,453.81
28 July 2023	The second new Underlying Assets (i.e. the accounts receivable with a face value of RMB656,236,252.13) (“ Previous Transaction Q ”, together with Transaction N, Transaction O, and Transaction P, “ Previous Transactions ”)	639,854,116.27
30 October 2023	The third new Underlying Assets (i.e. the accounts receivable with a face value of RMB703,936,945.00) (“ Transaction R ” or the “ Transaction ”, together with Previous Transactions, “ Subject Transactions ”)	687,592,481.77

The basis of determination of the consideration 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 announcement of the Company dated 22 November 2022. In this regard, (a) the difference between the consideration and the face value of the Initial Underlying Assets disposed of under Previous Transaction O (i.e. approximately RMB14 million) would be used for settling part of

the financing costs and relevant tax expenses incurred for this disposal; (b) the first new Underlying Assets were sold through Special Revolving Purchase, the consideration of which was equal to the face value of the new Underlying Assets; and (c) the second new Underlying Assets and the third 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. 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 announcement of the Company dated 10 September 2019. The principal terms of the Underlying Assets Sale and Purchase Agreement (Phase III) are the same as disclosed in the section headed "PRINCIPAL TERMS OF THE PROPOSED UNDERLYING ASSETS SALE AND PURCHASE AGREEMENT" in the announcement of the Company dated 22 November 2022.

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

As disclosed in section 2 of this announcement, the face values of the accounts receivable with respect to Previous Transaction N was RMB314,141,987.14, and the consideration received by GP Corp. was RMB311,611,379.78. The difference between the face value of the accounts receivable under Previous Transactions N and the consideration (i.e. approximately RMB3 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 section 3 of this announcement, the aggregate sum of the face values of the accounts receivable under Previous Transaction O, Previous Transaction P, Previous Transaction Q and Transaction R was RMB2,401,006,322.99, and the total amount received by GP Corp. for the disposal amounted to RMB2,354,444,051.85. The difference between the aggregated face value of the accounts receivable and the total amount received (i.e. approximately RMB47 million) will be used for settling part of the financing costs and relevant tax expenses incurred under the Industry Yuanrong-Accounts Receivable Phase III of GP Corp. Asset-backed Special Scheme.

As disclosed in the announcements of the Company dated 10 September 2019 and 22 November 2022, 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, (i) 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 (ii) 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 Previous Transaction N, Previous Transaction O, Previous Transaction P, Previous Transaction Q and Transaction R.

6. REASONS FOR AND BENEFITS OF THE SUBJECT TRANSACTIONS

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

As all the applicable percentage ratios in respect of Transaction R as calculated under Rule 14.07 of the Listing Rules are below 5%, Transaction R, on a standalone basis, does not constitute a notifiable transaction of the Company and is therefore exempted from all disclosure requirements under Chapter 14 of the Listing Rules.

Nevertheless, pursuant to Rule 14.22 of the Listing Rules, a series of transactions will be aggregated and treated as if they were one transaction if they were all completed within a 12-month period or were otherwise related. As Transaction R and the Previous Transactions were all entered into between GP Corp. and Industrial Securities Asset Management within a 12-month period and were of similar nature, the Subject Transactions shall be aggregated for the purpose of calculating the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of Transaction R upon aggregation with the Previous Transactions is higher than 5% but is lower than 25%, the Subject Transactions constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under the Listing Rules but is exempt from the shareholders' approval requirements.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 30 October 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. Chen Yajin, Mr. Huang Min, Mr. Wong Lung Tak Patrick and Ms. Sun Baoqing as independent non-executive directors.