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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 THE COMPANY TO APPLY FOR REGISTRATION AND
ISSUANCE OF MEDIUM-TERM NOTES;**
- (2) PROPOSED GP CORP. TO CONDUCT ASSET-BACKED SECURITIZATION
OF ACCOUNTS RECEIVABLE;**
- (3) PROPOSED SETTLEMENT OF PARTIAL PROCEEDS INVESTED IN
PROJECTS AND PERMANENT REPLENISHMENT OF WORKING CAPITAL
FROM THE REMAINING PROCEEDS;**
- AND**
- (4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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 13 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 Friday, 16 December 2022 at 10:00 a.m. is set out on pages 14 to 18 of this circular.

Whether or not you intend to attend the EGM, please complete the 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 any adjournment thereof. Completion and return of the forms of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

25 November 2022

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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
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“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
“GP Corp.”	Guangzhou Pharmaceuticals Company Limited (廣州醫藥股份有限公司), a limited company established under the laws of the PRC, of which the Company holds 72.74% equity interest
“NAFMII”	National Association of Financial Market Institutional Investors
“Director”	a director of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 16 December 2022 at 10:00 a.m., including any adjournment thereof
“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 HKEX
“HKEX”	The Stock Exchange of Hong Kong Limited
“Listing Rules of HKEX”	the Rules Governing the Listing of Securities on the HKEX
“Hong Kong”	the Hong Kong Special Administrative Region
“PRC”	the People’s Republic of China and, for the purpose of this circular only, excludes Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder”	a holder of the A Shares and/or H Shares

DEFINITIONS

“SSE”	The Shanghai Stock Exchange
“LPD”	21 November 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Proceed”	the proceeds raised from the A Share Offering
“%”	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. Zhang Chunbo
Mr. Wu Changhai
Mr. Li Hong

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

To the Shareholders

Dear Sir or Madam

- (1) PROPOSED THE COMPANY TO APPLY FOR REGISTRATION AND
ISSUANCE OF MEDIUM-TERM NOTES;**
- (2) PROPOSED GP CORP. TO CONDUCT ASSET-BACKED SECURITIZATION
OF ACCOUNTS RECEIVABLE;**
- (3) PROPOSED SETTLEMENT OF PARTIAL PROCEEDS INVESTED IN
PROJECTS AND PERMANENT REPLENISHMENT OF WORKING CAPITAL
FROM THE REMAINING PROCEEDS;**
- AND**
- (4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the EGM on, among other things; (i) proposed the Company to apply for registration and issuance of medium-term notes; (ii) proposed GP Corp. to conduct asset-backed securitization of accounts receivable; and (iii) the proposed settlement of partial proceeds invested in projects and permanent replenishment of working capital from the remaining proceeds and give you the notice of the EGM.

LETTER FROM THE BOARD

2. PROPOSED THE COMPANY TO APPLY FOR REGISTRATION AND ISSUANCE OF MEDIUM-TERM NOTES

Reference is made to the announcement of the Company dated 22 November 2022 that the Board has approved the proposed registration and issuance of medium-term notes, pursuant to which the Company proposes to apply to NAFMII for the registration and issuance of Medium-term notes in the aggregate amount of not more than RMB3 billion.

(1) The Details of the Proposed Registration and Issuance of Medium-term Notes are Set Out Below:

Issuer:	The Company
Registration size:	The aggregate amount of medium-term notes shall be not more than RMB3 billion, and the final size of issue is subject to the amount ascribed in the registration certificate to be issued by NAFMII and the actual funding needs of the Company.
Term:	The term shall be not more than 10 years. The specific term of the medium-term notes shall be determined based on the funding needs of the Company and the market conditions at the relevant time.
Interest rate:	The interest rate of each tranche of the medium-term notes shall be determined based on the then inter-bank bond market conditions, and is subject to the final results from the relevant book-building exercise.
Target subscribers:	Institutional investors in the inter-bank bond market of the PRC (excluding those in respect of which subscription is prohibited under PRC laws and regulations).
Method of issuance:	The issue will be completed in a single tranche or multiple tranches within the scope of registration amount in NAFMII and during the valid issue period, the specific method of issuance shall be determined based on the actual funding needs of the Company and the market conditions at the relevant time.

LETTER FROM THE BOARD

Use of proceeds:

The proceeds will be used for the business activities of the Company in compliance with the PRC laws and policies, including project construction, repayment of interest-bearing liabilities and supplement of working capital, etc.

(2) Shareholders' Approval

It is proposed that Shareholders' approval for the proposed registration and issuance of medium-term notes and the grant of a mandate to authorize the Board or any persons authorized by the Board to handle matters in relation to the proposed registration and issuance of medium-term notes for the period commencing from the date when the special resolution is approved at the EGM and within the effective period of the registration of such medium-term notes will be sought at the EGM. The authorization shall include but not be limited to the following matters:

- 1) Pursuant to the relevant laws and regulations, the Articles of Association and the actual circumstances, the Company proposed to the general meeting to generally and unconditionally authorize the Board to decide the proposed registration and issuance of medium-term notes.
- 2) In order to simplify the procedures, the Company proposed to the general meeting to approve the Board to authorize the management of the Company to proceed with the issuance of medium-term notes of the Company according to the actual market conditions, including but not limited to determining the actual amount to be issued, interest rate, term, target subscribers and use of proceeds, cancel all/part of the registration quota as required, cancellation of the issuance and other issues, and to authorize the chairman of the Board of the Company to execute relevant documents within the limit approved by the Shareholders.
- 3) The resolution in relation to the proposed registration and issuance of medium-term notes shall become effective from the date of its passing at the EGM, and shall remain valid for 36 months.

The aforementioned authorization will be subject to all applicable laws and regulations and the regulations or requirements of relevant regulatory authorities or departments and within the scope of resolutions approved at the general meeting.

(3) Reasons for and Benefits of the Proposed Registration and Issuance of Medium-term Notes

The Board is of the view that the proposed registration and issuance of medium-term notes will help to meet the needs of the Company's business development, broaden financing channels, reduce financing costs and optimize the debt structure. Therefore, the Board is of the view that the proposed registration and issuance of medium-term notes is in the overall interests of the Company and Shareholders.

LETTER FROM THE BOARD

The proposed registration and issuance of medium-term notes is subject to, among other things, the Shareholders' approval by special resolution and the approval of NAFMII. Therefore, the proposed registration and issuance of medium-term notes may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

3. PROPOSED GP CORP. TO CONDUCT ASSET-BACKED SECURITIZATION OF ACCOUNTS RECEIVABLE

Reference is made to the announcement of the Company dated 22 November 2022 (the "**November Announcement**"), capitalised terms used in the November Announcement have the same meanings when used in this section 3. The Board has approved the proposed GP Corp. to conduct asset-backed securitization of accounts receivable. Pursuant to the proposal, GP Corp., as the vendor, intends to enter into the proposed Underlying Assets Sale and Purchase Agreement with Industrial Securities Asset Management, as the purchaser and initial rights holder, under which GP Corp. would agree to dispose of, and Industrial Securities Asset Management would agree to purchase the Underlying Assets (as defined in paragraph 1 below) in accordance with its terms and conditions, set up the Special Scheme to issue asset-backed securities in the amount of not exceeding RMB3 billion and act as the administrator of the Special Scheme. Industrial Securities Asset Management shall issue the Special Scheme by stages within two years from the date on which the SSE approves the issuance, and each phase of the Special Scheme shall have a duration not exceeding two years. As at the LPD, GP Corp. has not entered into any legally binding agreement in respect of the Transaction.

(1) The Proposed Underlying Assets Sale and Purchase Agreement Contains, among others, the Following Principal Terms and Conditions:

The underlying assets of GP Corp. ("**Underlying Assets**") to be disposed of

The Underlying Assets means accounts receivable (and ancillary rights, if any) of GP Corp. and its subsidiaries arising from the businesses of GP Corp. in respect of sale of drugs and medical devices to public hospitals of Grade II or above or Commercial Companies. The Underlying Assets include the initial Underlying Assets and the new Underlying Assets.

Initial Underlying Assets means initial rights holder's accounts receivable (and ancillary rights, if any) arising from sale of drugs and medical devices to public hospitals of Grade II or above or Commercial Companies as of the Initial Reference Date, which will be transferred to the administrator on the establishment date of each phase of the Special Scheme.

LETTER FROM THE BOARD

New Underlying Assets means initial rights holder's accounts receivable (and ancillary rights, if any) arising from sale of drugs and medical devices from public hospitals of Grade II or above or Commercial Companies as of the Revolving Reference Date, which will be transferred to the administrator on the Revolving Purchase Date.

The basis of determining the consideration of the Transaction

The difference (the specific amount of the difference would depend on the face value of the initial Underlying Assets under the first phase of the Special Scheme) between the face value of the initial Underlying Assets to be sold by GP Corp. to Industrial Securities Assets Management under the first phase of the Special Scheme and the cash consideration would be used for settling part of the financing costs and relevant tax expenses incurred for issuing the current phase of the Special Scheme. Within the duration, the new Underlying Assets will be sold to the Special Scheme through Revolving Purchase. The accumulated discounts of the Underlying Assets will be not less than the sum of the interest of the priority asset-backed securities and the expenses of the Special Scheme. The terms and conditions of purchasing the Underlying Assets are subject to the final version of the Underlying Assets Sale and Purchase Agreement.

The new Underlying Assets will be sold through Special Revolving Purchase and General Revolving Purchase.

LETTER FROM THE BOARD

For the first phase of the Special Scheme, the consideration for each Special Revolving Purchase will be equal to the face value of the new Underlying Assets. The consideration for each General Revolving Purchase is calculated by multiplying the face value of the new Underlying Assets at the discount rate, and the discount rate will be determined by GP Corp. and Industrial Securities Asset Management 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, which will be negotiated on an arm's length basis.

Conditions precedent

The conditions precedent to the completion of the Transaction are, among others, as follows:

- 1) GP Corp. having received or obtained all the consents, approvals and authorizations necessary to fulfill its obligations under the Underlying Assets Sale and Purchase Agreement and other documents related to the Special Scheme;
- 2) the Special Scheme having been successfully established; and
- 3) GP Corp. has executed and delivered the Underlying Assets Sale and Purchase Agreement and other documents related to the Special Scheme to the Industrial Securities Asset Management.

Completion

- 1) Purchase of the initial Underlying Assets

Industrial Securities Asset Management shall pay the issuing scale of the first phase of the Special Scheme as the consideration of the initial Underlying Assets to the GP Corp. and, concurrently, the parties have to sign a completion letter.

LETTER FROM THE BOARD

- 2) Revolving purchase of the new Underlying Assets

Industrial Securities Asset Management, as the administrator of the Special Scheme and the initial rights holder, shall enter into the “Completion Confirmation Letter of the new Underlying Assets” on the Revolving Purchase Date of the Special Scheme.

(2) Reasons for and Benefits of the Transaction

Under the Transaction, GP Corp. would utilise its accounts receivable for asset-backed securitization and thus allowing the conversion of accounts receivable into cash assets which are of higher liquidity. The proceeds generated from the sale of the Underlying Assets would be applied to supplement the working capital of the GP Corp. Based on the said reasons and the terms of the Transaction as disclosed in this circular, the Board is of the view that the terms of the Underlying Assets Sale and Purchase Agreements are fair and reasonable, on normal commercial terms or better and would be entered into in the usual and ordinary course of business of GP Corp., and are in the interests of the Company and its shareholders as a whole.

(3) Implications under Listing Rules and Shareholders’ Approval

According to the Articles of Association and the Rules of Procedures for the General Meeting, the Transaction would need the approval from the shareholders and the Company shall convene an extraordinary general meeting for its shareholders to consider the Transaction. In order to simplify the procedures, the Board would propose to the general meeting to authorize the management of GP Corp. to handle the matters related to the Transaction.

The entry into of the Underlying Assets Sale and Purchase Agreement, on a standalone basis, the proposed sale and purchase of the new Underlying Assets, on a standalone basis, or the aggregation of these transactions pursuant to Rule 14.22 of the Listing Rules of HKEX (if required), may constitute a notifiable transaction under Chapter 14 of the Listing Rules of HKEX. The Company will comply with all the applicable requirements under the Listing Rules of HKEX in respect of the Transaction.

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

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, unless otherwise defined, capitalised terms used in the 2015 Circular have the same meanings when used in this section 4.

LETTER FROM THE BOARD

The Proposal on the settlement of partial proceeds invested in projects and permanent replenishment of working capital from the remaining proceeds was considered and approved by the Company at the 24th meeting of the eighth session of the Board of Directors and the 20th meeting of the eighth session of the Supervisory Committee convened on 22 November 2022. In order to effectively improve the efficiency of the use of the surplus proceeds, reasonably allocate the Company's resources and decline the cost on finance, the Company tends to settle the extension project of the construction for channel and brand and to allocate the surplus amount of proceeds upon such settlement totalling RMB123.1764 million, 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 million and the net proceeds after deducting the issue expenses of RMB22.3611 million amounted to RMB7,863 million.

(2) Actual Use of the Proceeds

As at 31 October 2022, the actual use of the aforesaid proceeds from the non-public issuance for investment in projects was as follows:

No.	Name of projects	Proposed	Amount	Investment	Date of the
		investment	invested as at	progress as at	projects becoming
		amount	31 October	31 October	ready for intended
		(RMB'0,000)	2022	2022	use
			(RMB'0,000)	(%)	
1	The construction project of the Great Southern TCM research and development platform	99,757.10	67,427.98	67.59	31 December 2022
Of which	(1) Investment in assets	35,000.00	14,579.55	41.66	-
	(2) Investment in research and development	64,757.10	52,848.43	81.61	-
2	The construction project of the Great Southern TCM production base (Phase I)	64,391.67	33,135.00	51.46	-
Of which	(1) Ming Xing off-site project	60,000.00	28,743.33	47.91	31 January 2024
	(2) He Ji Gong off-site project	4,391.67	4,391.67	100.00	Changed
3	The project for establishment of channels and brands	200,000.00	203,395.67	101.70	Not applicable
4	The project for establishment of information platform	2,774.99	2,774.99	100.00	Changed
5	Replenishment of working capital	222,049.70	223,105.20	100.48	Not applicable

LETTER FROM THE BOARD

No.	Name of projects	Proposed	Amount	Investment	Date of the
		investment	invested as at	progress as at	projects becoming
		amount	31 October	31 October	ready for intended
		(RMB'0,000)	2022	2022	use
			(RMB'0,000)	(%)	
6	The project for acquiring the “Wanglaoji” series trademarks held by GPLH (the controlling shareholder of the Company)	108,000.00	108,000.00	100.00	Not applicable
7	The construction project of GYBYS Chemical & Pharmaceutical (Zhuhai) Co., Ltd.	48,901.37	26,454.28	54.10	Expected to put into production in 2023
8	The project of Gansu Guangyao Baiyunshan TCM Technology Industry Park Phase I Project	11,842.90	3,515.12	29.68	Expected to put into production in 2023
9	The project for Nansha base Phase I of WLI Health	38,400.00	6,158.22	16.04	Expected to put into production in 2023
	Total	796,117.73	673,966.46	84.66	-

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

- 1) The Company planned to invest RMB2 billion of proceeds in the project for establishment of channels and brands. As at 31 December 2021, the proceeds of RMB2,033.9567 million have been invested in the project, including the interest income from the fund-raising special account of Guangzhou WLJ Great Health Industry Co., Ltd., the implementing company of the project. The project was completed in 2021, and the fund-raising special account of Guangzhou WLJ Great Health Industry Co., Ltd. was cancelled in December 2021. As at 31 October 2022, the fund-raising special accounts of the Company of the project has remaining amount of RMB123.1764 million, which is the net amount of interest income.
- 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 (revised in 2022) and the Self-regulatory Guidelines No. 1 for Listed Companies – Standard Operation on the Shanghai Stock Exchange) and the Management Measures for Proceeds of the Company, the permanent replenishment of working capital from surplus proceeds must be approved by the directors and shareholders. Accordingly, the resolution on settlement of partial raising fund investment projects and permanent replenishment of working capital from the remaining proceeds will be proposed at the EGM for shareholders' consideration and discretionary approval. The proposed settlement of partial raising fund investment projects and permanent replenishment of working capital from the remaining proceeds described in this circular do not change the information disclosed by the Company prior to the LPD 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 matter, and agreed the permanent replenishment of working capital from the remaining proceeds and agreed to submit it to the EGM of the Company for consideration.

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

The register of members of the Company will be closed from Tuesday, 13 December 2022 to Friday, 16 December 2022 (both days inclusive) for the purpose of determining the entitlements of the Shareholders to attend the EGM, during which no transfer of H Shares will be effected. In order to qualify to attend the EGM, 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, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 12 December 2022.

LETTER FROM THE BOARD

6. EGM

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 Friday, 16 December 2022 at 10:00 a.m. The notice convening the EGM is set out on pages 14 to 18 of this circular.

Whether or not you intend to attend the EGM, please complete the form of proxy despatched together with the aforementioned notice in accordance with the instructions printed thereon and return the form 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 any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

All the votes of the Shareholders at the EGM will be taken by poll.

7. RECOMMENDATIONS

The Directors, including all the independent non-executive directors, consider that (i) proposed the Company to apply for registration and issuance of medium-term notes; (ii) proposed GP Corp. to conduct asset-backed securitization of accounts receivable; (iii) the proposed settlement of partial proceeds invested in projects and permanent replenishment of working capital from the remaining proceeds 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 at the EGM.

Yours faithfully

The Board of

Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

25 November 2022

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 FIRST EXTRAORDINARY GENERAL MEETING IN 2022

IMPORTANT NOTICE

- Date and time of the first extraordinary general meeting in 2022 (the “EGM”) to be held on-site: 16 December 2022 (Friday) at 10:00 a.m.
- Registration date for determination of entitlement to attend the EGM: 12 December 2022 (Monday)
- Place at which the EGM will be held: 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 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 24th meeting of the eighth session of the board of directors of the Company (the “Board”).
2. Date and time of the EGM: 16 December 2022 (Friday) at 10:00 a.m.
3. Place at which the EGM will be held: 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).

NOTICE OF THE EGM

6. The system, commencement date, ending date and voting time of the network voting (applicable to A shares):

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 (16 December 2022) 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 No. 1 Self-Regulation Guidelines for Listed Companies of the Shanghai Stock Exchange - Standardized Operation (《上海證券交易所上市公司自律監管指引第1號—規範運作》).

8. Solicitation of shareholders' voting rights

Not applicable.

II. MATTERS TO BE CONSIDERED AT THE EGM

- (1) To be considered and approved by way of a special resolution:

1. Resolution on the application for registration and issuance of medium-term notes of the Company.

The above resolution was approved at the 24th meeting of the eighth session of the Board of the Company held on 22 November 2022.

- (2) To be considered and approved by way of ordinary resolutions:

2. Resolution on Guangzhou Pharmaceuticals Company Limited (廣州醫藥股份有限公司), a controlled subsidiary of the Company, to conduct asset-backed securitization of accounts receivable;

3. Resolution on the settlement of partial proceeds invested in projects and permanent replenishment of working capital from the remaining proceeds.

The above resolutions were approved at the 24th meeting of the eighth session of the Board and the 20th meeting of the eighth session of the supervisory committee of the Company held on 22 November 2022.

NOTICE OF THE EGM

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 in the afternoon on Monday, 12 December 2022 (including those holders of H shares who have submitted verified application documents for the transfer of shares on or before Monday, 12 December 2022) are entitled to attend the EGM. The H shares register of members of the Company will be closed from Tuesday, 13 December 2022 to Friday, 16 December 2022 (both days inclusive) during which no transfer of H shares will be effected. In order to be eligible to attend the EGM, all share transfer documents of H shares together with the relevant share certificates must be lodged with the Company's H share registrar, 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 Monday, 12 December 2022.
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) no less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof.
3. The directors, supervisors and senior management of the Company.
4. The lawyers of the Company.

IV. REGISTRATION FOR THE EGM

1. Methods of registration

To attend the EGM, 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 of the principal 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: 9:30 a.m. - 11:30 a.m. and 2:00 p.m. - 4:30 p.m. on
Thursday, 15 December 2022

NOTICE OF THE EGM

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. OTHER MATTERS

1. Contact 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: Li Li, Zeng Weiwei
Tel: (8620) 6628 1219 / 6628 1216
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 (for submitting share transfer documents)
17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for submitting proxy forms)

3. The EGM is expected to last for half day. Shareholders attending the EGM shall be responsible for their own expenses on travelling and accommodation etc.

4. Reporters attending the EGM should register in advance during the registration time for the shareholders.

VI. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolutions passed at the 24th meeting of the eighth session of the Board of the Company and the relevant announcement.

NOTICE OF THE EGM

2. Resolutions passed at the 20th meeting of the eighth session of the supervisory committee of the Company and the relevant announcement.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 24 November 2022

As at the date of this notice, the Board 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.