

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)

CHANGES IN ALLOCATION OF PROCEEDS RAISED FROM THE PROPOSED PLACING

INTRODUCTION

References are made to the circular of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “**Company**”) dated 26 February 2015 (the “**2015 Circular**”) in relation to the Proposed Placing 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 26 November 2015 (the “**November Announcement**”) in relation to the amendments to the terms of the Proposed Placing; and
- (c) the circular of the Company dated 16 February 2016 in relation to extending the effective period of the shareholders’ resolutions relating to the Proposed Placing (the “**February Circular**”).

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

CHANGES IN ALLOCATION OF PROCEEDS RAISED FROM THE PROPOSED PLACING

It was disclosed in the section headed “Effects on the Use of Proceeds” in the November Announcement that “in the event that there is no subscription pursuant to the Employee Scheme Subscription Agreement, the gross proceeds to be raised will be reduced by up to a maximum of

approximately RMB505 million. In such instance, the proceeds to be applied as general working capital of the Group will be decreased from approximately RMB2,200 million to approximately RMB1,695 million”.

In the announcement of the Company dated 18 August 2016, it was disclosed, among other things, that the Asset Manager (as defined in the February Circular) had not subscribed for the maximum number of new A Shares as set out in the section headed “Effects on the Shareholding Structure of the Company” in the November Announcement and the final net proceeds raised by the Company is approximately RMB7,863 million after deducting relevant expenses.

After taking into account the amounts of the net proceeds raised from the Proposed Placing and reviewing the funding needs of the each of the specified uses as disclosed on page 14 of the February Circular, the Board has resolved to change the amounts of the proceeds raised from the Proposed Placing allocated to (x) expanding and strengthening the Group’s distribution networks and promotion channel and (y) general working capital instead of only changing the amounts allocated to general working capital as disclosed in the November Announcement, the details of which are summarised in the table below:

Use	As disclosed in the February Circular (RMB million)	Final allocation (RMB million)
(i) Strengthening the Group’s research and development capability on medicines, health products and medical technology	1,500	1,500
(ii) Expanding and reforming part of the Group’s production facilities	1,000	1,000
(iii) Expanding and strengthening the Group’s distribution networks and promotion channel	3,400	3,000
(iv) Establishing a new management and information system of the Group	200	200
(v) General working capital	2,200	2,163
Total	8,300	7,863

The Board is of the view that the changes in the amounts of the proceeds allocated to the uses specified in (iii) and (v) of the table above is in the interest and the Shareholders as a whole.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 29 August 2016

As at the date of this announcement, the Board comprises Mr. Li Chuyuan, Mr. Chen Mao, Ms. Liu Juyan, Ms. Cheng Ning, Mr. Ni Yidong, Mr. Wu Changhai and Mr. Wang Wenchu as executive directors, and Mr. Wong Lung Tak Patrick, Mr. Qiu Hongzhong, Mr. Chu Xiaoping and Mr. Jiang Wenqi as independent non-executive directors.