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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 SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

During the period from 21 December 2016 to 14 June 2017, the Company and its subsidiaries had subscribed for various wealth management products from several banks. The said wealth management products are all fixed income type, the aggregated subscription amount of which is RMB1,810,000,000. The relevant subscriptions, on an aggregate basis, constituted a discloseable transaction of the Company under the Listing Rules.

SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCTS

The Board is pleased to announce that during the period from 21 December 2016 to 14 June 2017, the Company and its subsidiaries had subscribed for various wealth management products from several banks. The said wealth management products are all fixed income type, the aggregated subscription amount of which is RMB1,810,000,000. The subscription amount was financed by the temporary idle internal funds in the amount of RMB710,000,000 and the temporary idle Placing Proceeds in the amount of RMB1,100,000,000. Further details of the said wealth management products subscribed by the Group are set out in the Appendix to this announcement.

INFORMATION ON THE GROUP

The Group is principally engaged in (a) research and development, manufacture and sales of Chinese and western patent medicine, chemical active pharmaceutical ingredients (API), natural medicine, biological medicine and chemical API intermediates; (b) wholesale, retail, import and export of western and Chinese pharmaceutical products and medical apparatus; (c) research and development, production and sales of great health products; and (d) investment in the health industry such as in the sectors of medical treatment, health management, health nursing, health preservation, caring of the elderly etc.

INFORMATION ON THE BANKS

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) each of the banks from whom the Group subscribed for the wealth management products and its ultimate beneficial owners are Independent Third Parties; and (ii) each of those banks is principally engaged in banking business.

RISK CONTROL MEASURES

Having given top priority to risk prevention, the Company implemented stringent control and made prudent decision in respect of the subscriptions of wealth management products on the principle of protecting the interests of all shareholders and the Group. The bank wealth management products subscribed by the Group are principal-preservation in nature. During the term of the wealth management products, the Company will keep in close contact with the banks, follow up the operation of wealth management funds, strengthen risk control and supervision, and strictly control the safety of funds.

The amounts referred to in the resolutions in relation to cash management (being ordinary resolutions Nos. 12 and 13) to be considered at the annual general meeting of the Company to be held on 23 June 2017 included the aggregated amount of RMB2,290,900,000 utilized on subscriptions of the wealth management products as disclosed in this announcement (i.e. being the fixed income type mentioned above and the principal-preservation with floating income type mentioned in the subsection headed "Other Information" below), such amount is within the authority of the Board and approval of the shareholders of the Company is not required. For further information on ordinary resolutions numbered 12 and 13, please refer to the subsections headed "Letter from the Board – 4. Proposed cash management of part of the temporary idle fund raising proceeds" and "Letter from the Board – 5. Proposed cash management of part of the temporary idle internal fund" respectively in the circular of the Company dated 9 May 2017.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS

The Board noted that the Group has internal fund which has been idled for a certain period of time. In order to utilize such idle funds reasonably, enhance the efficiency in the utilization of such funds and to bring return to the Group and after taking into account the normal operation funding needs and the liquidity needs of the Group, the Board had decided to utilize some of the internal idle funds to subscribe for principal-preservation type wealth management products mentioned in the Appendix. The Board also noted that part of the Placing Proceeds has been idled for a certain period of time. In order to utilize the Placing Proceeds reasonably, enhance the efficiency in the utilization of the Placing Proceeds and to bring return to the Group, the Board had decided to utilize some of the idle Placing Proceeds to subscribe for principal-preservation type wealth management products mentioned in the Appendix.

After taking into account the above factors, the Directors (including the independent non-executive Directors) are of the opinion that the subscriptions of the wealth management products mentioned in the Appendix are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Under the Listing Rules, each subscription set out in the Appendix, on a standalone basis, does not constitute a notifiable transaction of the Company. However, pursuant to Rule 14.22 of the Listing Rules, those subscriptions are required to be aggregated. Since the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of those subscriptions, on an aggregate basis, exceeded 5% but are still less than 25%, those subscriptions constitute a disclosable transaction of the Company and are subject to the notification and announcement requirements.

OTHER INFORMATION

As further information for the shareholders of the Company, the Company announces that during the period from 29 March 2017 to 14 June 2017, the Company and its subsidiaries had subscribed for various wealth management products from several banks who are Independent Third Parties. The Group will also subscribe for another wealth management product from an Independent Third Party bank on 15 June 2017. The said wealth management products are all principal-preservation with floating income type, the aggregated subscription amount of which is RMB480,900,000. The subscription amount was financed by the temporary idle internal funds in the amount of RMB80,900,000 and the temporary idle Placing Proceeds in the amount of RMB400,000,000. The subscriptions of the said principal-preservation with floating income type wealth management products do not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules and they are not required to be aggregated with the subscriptions of the fixed income type wealth management products disclosed in this announcement pursuant to Rule 14.22 of the Listing Rules.

DEFINITIONS

Unless the context otherwise requires, the following terms used herein have the following meanings:

“A Share(s)”	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
“Board”	the board of Directors
“Chen Li Ji”	Guangzhou Chen Li Ji Pharmaceutical Factory Co., Ltd.* (廣州白雲山陳李濟藥廠有限公司), a subsidiary of the Company

“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 Stock Exchange and the Shanghai Stock Exchange respectively
“Directors”	the directors of the Company
“Everbright Bank”	China Everbright Bank Co., Ltd., a licensed bank established under the laws of the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third party”	third parties independent of the Company and the Company’s connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merchants Bank”	China Merchants Bank Co., Ltd., a licensed bank established under the laws of the PRC
“Pan Gao Shou”	Guangzhou Pan Gao Shou Pharmaceutical Co., Ltd.* (廣州潘高壽藥業股份有限公司), a subsidiary of the Company
“Placing Proceeds”	the proceeds raised by the Company from the placing of new A Shares as disclosed in the announcement of the Company dated 18 August 2016, being approximately RMB7,863 million after deducting relevant expenses
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan)
“Qi Xing”	Guangzhou Qi Xing Pharmaceutical Co., Ltd.* (廣州白雲山奇星藥業有限公司), a subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Rural Commercial Bank”	Guangzhou Rural Commercial Bank, a licensed bank established under the laws of the PRC

“SPD Bank”	Shanghai Pudong Development Bank Co., Ltd., a licensed bank established under the laws of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Wang Lao Ji Food & Beverage Company”	Guangzhou Wang Lao Ji Food & Beverage Management Development Co., Ltd.* (廣州王老吉餐飲管理發展有限公司), a subsidiary of the Company
“Wang Lao Ji Industry”	Guangzhou Wang Lao Ji Industry Co., Ltd.* (廣州王老吉產業有限公司), a subsidiary of the Company
“WLJ Great Health”	Guangzhou WLJ Great Health Industry Co., Ltd.* (廣州王老吉大健康產業有限公司), a subsidiary of the Company
“%”	per cent

**The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited**

Guangzhou, the PRC, 14 June 2017

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.

* *For identification purpose only*

Appendix

Details of the fixed income type wealth management products

No.	Date of the wealth management agreement	Date of subscription	Parties to the agreement	Subscription amount (RMB'0000)	Term of investment	Expected rate of investment return per annum
1	21 December 2016	21 December 2016	WLJ Great Health and Everbright Bank, Guangzhou branch	3,000	From 21 December 2016 to 21 June 2017	3.20%
2	22 December 2016	22 December 2016	WLJ Great Health and Everbright Bank, Guangzhou branch	2,000	From 22 December 2016 to 22 June 2017	3.20%
3	28 December 2016	29 December 2016	WLJ Great Health and Rural Commercial Bank, Conghua branch	3,000	From 29 December 2016 to 29 December 2017	3.16%
4	28 December 2016	29 December 2016	WLJ Great Health and Rural Commercial Bank, Conghua branch	3,000	From 29 December 2016 to 29 December 2017	3.16%
5	28 December 2016	29 December 2016	WLJ Great Health and Rural Commercial Bank, Conghua branch	4,000	From 29 December 2016 to 29 December 2017	3.16%
6	6 January 2017	6 January 2017	WLJ Great Health and Everbright Bank, Guangzhou branch	3,000	From 6 January 2017 to 6 July 2017	3.40%
7	6 January 2017	6 January 2017	WLJ Great Health and Everbright Bank, Guangzhou branch	2,000	From 6 January 2017 to 6 July 2017	3.40%
8	6 January 2017	6 January 2017	Qi Xing and Everbright Bank, Guangzhou branch	10,000	From 6 January 2017 to 6 July 2017	3.55%
9	23 January 2017	23 January 2017	WLJ Great Health and Everbright Bank, Guangzhou branch	3,000	From 23 January 2017 to 23 July 2017	3.40%
10	8 February 2017	8 February 2017	Chen Li Ji and Everbright Bank, Guangzhou branch	2,000	From 8 February 2017 to 8 August 2017	3.55%
11	16 February 2017	17 February 2017	WLJ Great Health and Rural Commercial, Bank Conghua branch	5,000	From 17 February 2017 to 17 November 2017	3.00%
12	24 February 2017	24 February 2017	WLJ Great Health and Everbright Bank, Guangzhou branch	5,000	From 24 February 2017 to 24 November 2017	3.80%

No.	Date of the wealth management agreement	Date of subscription	Parties to the agreement	Subscription amount (RMB'0000)	Term of investment	Expected rate of investment return per annum
13	24 February 2017	24 February 2017	WLJ Great Health and Everbright Bank, Guangzhou branch	5,000	From 24 February 2017 to 24 November 2017	3.80%
14	3 March 2017	3 March 2017	Qi Xing and Everbright Bank, Guangzhou branch	5,000	From 3 March 2017 to 3 September 2017	3.85%
15	5 April 2017	5 April 2017	Qi Xing and Everbright Bank, Guangzhou branch	3,000	From 5 April 2017 to 5 July 2017	4.00%
16	12 April 2017	12 April 2017	Chen Li Ji and Everbright Bank, Guangzhou branch	1,000	From 12 April 2017 to 12 October 2017	3.90%
17	14 April 2017	14 April 2017	Qi Xing and Everbright Bank, Guangzhou branch	10,000	From 14 April 2017 to 14 July 2017	3.90%
18	25 May 2017	26 May 2017	Pan Gao Shou and Merchants Bank, Guangzhou Longkou branch	2,000	From 26 May 2017 to 26 June 2017	3.44%
19	9 June 2017	9 June 2017	The Company and Everbright Bank, Guangzhou branch	50,000	From 9 June 2017 to 9 December 2017	4.02%
20	14 June 2017	15 June 2017	The Company and SPD Bank, Guangzhou Jincheng branch	60,000	From 15 June 2017 to 15 December 2017	4.04%

Notes:

1. Each wealth management product is RMB structural deposits.
2. All the wealth management products are fixed income type.
3. The Group is not entitled to terminate any of the wealth management products before its maturity.
4. The subscriptions of the wealth management products numbered 1 to 18 were financed by the temporary idle internal funds.
5. The subscriptions of the wealth management products numbered 19 and 20 were financed by the temporary idle Placing Proceeds.