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国药集团  
SINOPHARM

# 國藥控股股份有限公司 SINOPHARM GROUP CO. LTD.\*

*(A joint stock limited company incorporated in the People's Republic of China with limited liability and carrying on business in Hong Kong as 國控股份有限公司)*

**(Stock Code: 01099)**

## ANNOUNCEMENT

### **PROPOSED CHANGE IN DIRECTORS CHANGE IN EMPLOYEE REPRESENTATIVE SUPERVISOR AND PROPOSED ISSUE OF THE CORPORATE BONDS**

#### **PROPOSED CHANGE IN DIRECTORS**

The Board hereby announces that on 12 January 2018, due to work adjustment, Mr. Lian Wanyong tendered his resignation from the position as a non-executive Director and a member of the Audit Committee with immediate effect, and Mr. Li Dongjiu tendered his resignation from the position as a non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Strategy and Investment Committee with immediate effect.

On the same day, the Board resolved to propose to appoint Ms. Rong Yan as a non-executive Director and a member of the Audit Committee, and propose to appoint Mr. Wu Yijian as a non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Strategy and Investment Committee. In accordance with the Articles of Association, the proposed appointments of Ms. Rong Yan and Mr. Wu Yijian as non-executive Directors are subject to the approval by the Shareholders at the EGM. The terms of office of Ms. Rong Yan and Mr. Wu Yijian as non-executive Directors will take effect from the date of approval by the Shareholders at the EGM and until the expiration of the term of the current session of the Board. Both of Ms. Rong Yan and Mr. Wu Yijian's positions as a member of the respective committees under the Board will take effect upon the approval of their appointments as non-executive Directors by the Shareholders at the EGM.

## **CHANGE IN EMPLOYEE REPRESENTATIVE SUPERVISOR**

On 12 January 2018, Mr. Yang Jun tendered his resignation from the position as an Employee Representative Supervisor with immediate effect due to work adjustment.

On the same day, Mr. Zhang Hongyu was elected as an Employee Representative Supervisor at the meeting of the employee representatives of the Company with immediate effect. In accordance with the Articles of Association, the Employee Representative Supervisor shall be elected democratically by the meeting of the employee representatives of the Company and is not subject to Shareholders' approval.

## **PROPOSED ISSUE OF THE CORPORATE BONDS**

To satisfy the operation needs of the Company and lower the financial costs, on 12 January 2018, the Board resolved to propose the issue of the Corporate Bonds in the PRC.

According to the laws of the PRC and the Articles of Association, the proposed issue of the Corporate Bonds is subject to the approval of the Shareholders by way of a special resolution and the approval from the relevant PRC regulatory authorities.

**The proposed issue of the Corporate Bonds may or may not proceed, and the Shareholders and investors should therefore exercise caution in dealing in the shares of the Company.**

A circular of the Company containing, among other things, detailed information of the proposed appointments of non-executive Directors and details of the proposed issue of the Corporate Bonds, together with the notice of the EGM will be despatched to the Shareholders in due course.

## **CHANGE IN DIRECTORS**

The Board hereby announces that on 12 January 2018, due to work adjustment, Mr. Lian Wanyong tendered his resignation from the position as a non-executive Director and a member of the Audit Committee with immediate effect, and Mr. Li Dongjiu tendered his resignation from the position as a non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Strategy and Investment Committee with immediate effect.

Each of Mr. Lian Wanyong and Mr. Li Dongjiu has confirmed that he has no disagreement with the Board and there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders.

The Company would like to express its sincere gratitude to Mr. Lian Wanyong and Mr. Li Dongjiu for their contributions to the development of the Company during their terms of office as non-executive Directors.

On the same day, the Board resolved to propose to appoint Ms. Rong Yan as a non-executive Director and a member of the Audit Committee, and propose to appoint Mr. Wu Yijian as a non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee and a member of the Strategy and Investment Committee.

In accordance with the Articles of Association, the proposed appointments of Ms. Rong Yan and Mr. Wu Yijian as non-executive Directors are subject to the approval by the Shareholders at the EGM. The terms of office of Ms. Rong Yan and Mr. Wu Yijian as non-executive Directors will take effect from the date of approval by the Shareholders at the EGM and until the expiration of the term of the current session of the Board. Ms. Rong Yan's position as a member of the Audit Committee will take effect upon the approval of her appointment as a non-executive Director by the Shareholders at the EGM, and Mr. Wu Yijian's position as a member of the Audit Committee, a member of the Remuneration Committee and a member of the Strategy and Investment Committee will take effect upon the approval of his appointment as a non-executive Director by the Shareholders at the EGM.

### **Biographical details of Ms. Rong Yan and Mr. Wu Yijian**

Ms. Rong Yan, aged 49, having over 26 years' working experience, is currently the director of Finance Department of China National Pharmaceutical Group Corporation. Ms. Rong obtained a bachelor degree in accounting from Liaoning University in July 1991 and a master degree in international finance and investment from Derby Business School at University of Derby in the United Kingdom in October 2000. Ms. Rong served as senior staff member of the Institute of Intelligence of China National Petroleum Corporation from August 1991 to May 1993, and the financial manager of China Zhenhua Import and Export Corporation from May 1993 to October 2001. Ms. Rong served successively as manager of Finance Department, deputy chief accountant and manager of Finance Department, and chief financial officer of China Pharmaceutical Foreign Trade Corporation from October 2001 to February 2008. Ms. Rong served successively as director of Finance Department and director of Financial Management Department of China National Pharmaceutical Group Corporation from February 2008 to June 2011. Ms. Rong has been serving as director of Finance Department of China National Pharmaceutical Group Corporation since June 2011. She has also been serving as chief financial officer of Sinopharm Investment Co., Ltd. since July 2015, director of China National of & Herbal Medicine Co., Ltd. since April 2016 and chairman of Sinopharm Group Finance Co., Ltd. since August 2017.

Mr. Wu Yijian, aged 48, is currently the president assistant and the director of the commercial pharmaceutical management committee of Shanghai Fosun Pharmaceutical Group Co., Ltd., and the chairman of the supervisory committee of China National Accord Medicines Corporation Ltd. Mr. Wu obtained a bachelor's degree in medicine from Shanghai Medical University in July 1993, a master's degree in business administration from Tsinghua university in July 2003 and a master's degree in accounting for senior accountant from the Chinese University of Hong Kong in November 2014, and completed the courses for the general manager in the China Europe International Business School of Management in July 2007. Mr. Wu has been with San-jiu Group since July 1993 and successively served as sales director of San-jiu Pharmaceutical Trade Co., Ltd, the chief operating officer of San-jiu Pharmaceutical Chain Co., Ltd. and the deputy general manager of Shanghai San-jiu Pharmaceutical Technology Development Co., Ltd. Mr. Wu has been with Fosun Pharmaceutical Group since June 2004 and successively served as the general manager of Shanghai Fosun Pharmaceutical Investment Co., Ltd., Shanghai Fosun Pharmaceutical Co., Ltd. and Shanghai Fumei Pharmacy Co., Ltd. Mr. Wu served as the vice president of Shanghai Yuyuan Tourist Mart Co., Ltd from 2014 to the end of 2015. Mr. Wu served as a non-executive Director of the Company from June 2016 to September 2017.

Save as disclosed above and as at the date of this announcement, neither Ms. Rong Yan nor Mr. Wu Yijian has any relationships with any Directors, senior management, substantial or controlling shareholder(s) of the Company, or holds any other positions in the Company or any of its subsidiaries, or any directorships in other listed companies in the last three years.

As at the date of this announcement, neither Ms. Rong Yan nor Mr. Wu Yijian has any interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Upon due appointment as non-executive Directors, each of Ms. Rong Yan and Mr. Wu Yijian will enter into a service contract with the Company for a term commencing from the date of appointment and ending on the expiration of the term of the current session of the Board. Pursuant to the Articles of Association, Ms. Rong Yan and Mr. Wu Yijian will be subject to retirement by rotation and re-election upon the expiry of their respective terms of office.

The remuneration packages of Ms. Rong Yan and Mr. Wu Yijian will be determined by the Board as authorized by the Shareholders at the EGM by taking into account, among other matters, their duties and responsibilities in the Company.

Save as disclosed above, the Board is not aware of any other matters in relation to the appointments of Ms. Rong Yan and Mr. Wu Yijian as non-executive Directors that need to be brought to the attention of the Shareholders nor any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

#### **CHANGE IN EMPLOYEE REPRESENTATIVE SUPERVISOR**

The Board further announces that on 12 January 2018, Mr. Yang Jun tendered his resignation from the position as an Employee Representative Supervisor with immediate effect due to work adjustment.

Mr. Yang Jun has confirmed that he has no disagreement with the Board or the Supervisory Committee, and there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders.

The Company would like to take this opportunity to express its sincere gratitude to Mr. Yang Jun for his contributions to the Company during his tenure of service.

On the same day, Mr. Zhang Hongyu was elected as an Employee Representative Supervisor at the meeting of the employee representatives of the Company with immediate effect. In accordance with the Articles of Association, the Employee Representative Supervisor shall be elected democratically by the meeting of the employee representatives of the Company and is not subject to Shareholders' approval.

#### **Biographical details of Mr. Zhang Hongyu**

Mr. Zhang Hongyu, aged 56, having over 32 years' working experience, has been serving as the secretary of Discipline Inspection Commission, deputy chairman of Labour Union and head of Party Affairs Department of the Company since December 2012. Mr. Zhang obtained a bachelor degree in economics from East China Normal University in July 1985 and a master degree in EMBA from Shanghai Jiao Tong University in December 2007. Mr. Zhang served successively as a staff member and engineer of Human Resource Department of the Shanghai Branch of Chinese Academy of Sciences from July 1985 to September 1992. Mr. Zhang Hongyu served as the manager of Human Resources Department of Shanghai Keyuan Real Estate Development Co., Ltd. from September 1992 to September 1994 and the manager of Shanghai Huihuang Architectural Decoration Co., Ltd. from October 1994 to August 1996. Mr. Zhang

worked at the Shanghai Branch of Chinese Academy of Sciences from September 1996 to October 1999 and finally served as a section-chief researcher and deputy-devision-chief researcher at the Human Resource Department. Mr. Zhang successively served as deputy general manager of Human Resources Department of China Worldbest Group (International) Co., Ltd., head of Human Resources Department of China Worldbest Life Industry Co., Ltd., assistant to president and head of Human Resources Department of China Worldbest Life Industry Co., Ltd. from December 1999 to December 2006. Mr. Zhang served as deputy party secretary and head of Human Resources Department of Sinopharm Logistics Co., Ltd. from March 2007 to June 2009, head of Human Resources Department of Distribution Business Department of the Company and deputy head of Human Resources Department of the Company from July 2009 to September 2010, head of the Party Affairs Department of the Company since September 2010, and head of the Party Affairs Department, deputy secretary of Discipline Inspection Commission and deputy chairman of Labour Union of the Company from December 2012 to January 2018.

Save as disclosed above and as at the date of this announcement, Mr. Zhang does not have any relationships with any Directors, senior management, substantial or controlling shareholder(s) of the Company, or holds any other positions in the Company or any of its subsidiaries, or any directorships in other listed companies in the last three years.

As at the date of this announcement, Mr. Zhang held 30,000 H shares of the Company.

The Company will enter into a service contract with Mr. Zhang for a term commencing from the date of appointment and ending on the expiration of the term of the current session of the Supervisory Committee.

Mr. Zhang will not receive any remuneration from the Company in his capacity as Employee Representative Supervisor.

Save as disclosed above, the Board is not aware of any other matters in relation to Mr. Zhang's appointment as an Employee Representative Supervisor that need to be brought to the attention of the Shareholders nor any information that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

## **PROPOSED ISSUE OF THE CORPORATE BONDS**

To satisfy the operation needs of the Company and lower the financial costs, on 12 January 2018, the Board resolved to propose the issue of the Corporate Bonds in the PRC.

According to the laws of the PRC and the Articles of Association, the proposed issue of the Corporate Bonds is subject to the approval of the Shareholders by way of a special resolution and the approval from the relevant PRC regulatory authorities.

Particulars of the issue of the Corporate Bonds, if it proceeds, are as follows:

Issue size: The Corporate Bonds shall have an issue size of no more than RMB10 billion (inclusive). A proposal will be presented to the general meeting for authorizing the Board or its authorized person(s) to determine the specific issue size based on the funding needs of the Company and the market conditions prevailing at the time of issue within the aforesaid range.

- Issue method:** The Corporate Bonds shall be issued in one or more tranches. A proposal will be presented to the general meeting for authorizing the Board or its authorized person(s) to determine the specific issue method based on the funding needs of the Company and the market conditions prevailing at the time of issue.
- Placing arrangement:** The Corporate Bonds will be issued to qualified investors who meet the subscription requirements and will not be placed to the Shareholders with priority
- Maturity:** The Corporate Bonds shall have a term of not exceeding 10 years (inclusive). For the type of bonds, it shall be either of a single term, or of a combination of multiple terms. A proposal will be presented to the general meeting for authorizing the Board or its authorized person(s) to determine specific terms of maturity and the issuing size of each type based on the funding needs of the Company and the market conditions prevailing at the time of issue.
- Interest rate:** A proposal will be presented to the general meeting for authorizing the Board or its authorized person(s) to determine the nominal interest rate and the payment method according to the market conditions prevailing at the time of issue and by way of market enquiry, after arm's length negotiation with the lead underwriter
- Use of proceeds:** After deducting issue expenses, the proceeds of this issue will be used for repaying bank loans, adjusting the debt structure of the Company, supplementing the working capital of the Company and other one or several use(s) in compliance purpose. A proposal will be presented to the general meeting for authorizing the Board or its authorized person(s) to determine the specific use of proceeds based on the funding needs of the Company.
- Guaranty:** A proposal will be presented to the general meeting for authorizing the Board or its authorized person(s) to determine whether to include guaranty arrangement and the type of guaranty according to the credibility of the Company
- Listing place:** Upon completion of the issue of the Corporate Bonds, the Company will apply for listing of the Corporate Bonds on the Shanghai Stock Exchange. A proposal will be presented to the general meeting for authorizing the Board or its authorized person(s) to deal with listing and trading matters in accordance with the relevant regulations of the Shanghai Stock Exchange.

Guarantee Measures for Repayment:	<p>A proposal will be presented to the general meeting for authorizing the Board or its authorized person(s) to implement, as a minimum, the following guarantee measures, in the event that the Company expects that it is unable to repay the principal and interests of the Corporate Bonds as scheduled, or the Company is unable to repay the principal and interests of the Corporate Bonds when they become due:</p> <ul style="list-style-type: none"> <li>(i) no dividend will be distributed to the Shareholders;</li> <li>(ii) suspend the implementation of projects that incur capital expenditure such as material external investments, acquisitions and mergers;</li> <li>(iii) payment of salary and bonus of the Directors and senior management of the Company will be adjusted, reduced or ceased; and</li> <li>(iv) key personnel accountable for such event will not be allowed for re-designation.</li> </ul>
Term of validity of the resolution:	<p>The special resolution passed at the EGM in relation to the proposed issue of the Corporate Bonds will be effective from the date of approval at the EGM and will expire within 24 months from the date of approval by the China Securities Regulatory Commission</p>

Subject to the Shareholders' approval at the EGM, the Board or the person(s) authorized by the Board, will be authorized to do the following, including but without limitation to:

- (1) in accordance with the laws and regulations, relevant provisions of regulatory authorities and the resolutions adopted at the general meeting of the Company, as well as the Company and the bond market's actual situation, to determine and adjust the specific plan of the issue of the Corporate Bonds, including but not limited to the issue size of the Corporate Bonds, issue method (including whether to issue in tranches, amount for each tranche, etc.), specific terms of maturity and the issue size of each maturity type, whether to include redemption provision or put-back provision, interest rate of the bonds, principal and interest repayment, use of the proceeds, guaranty arrangement, guarantee measures for repayment (including but not limited to the guarantee measures for repayment under this issue plan), specific purchase methods, specific placing arrangements, bond listing, and all matters related to this issue plan;
- (2) to determine the engagement of professional agents to assist the Company in handling the matters related to the application and listing for the issue of the Corporate Bonds;
- (3) to formulate, approve, execute, amend and announce all the legal documents regarding the issue of the Corporate Bonds, and to make suitable supplements and adjustments on the application documents in accordance with the requirements of the regulatory authorities;
- (4) to select bond trustee, execute the bond trustee management agreement and formulate the rules of bondholders' meeting;

- (5) upon the completion of the issue of the Corporate Bonds, to take the actions regarding the listing of the Corporate Bonds;
- (6) if there is any change on the opinions of the regulatory authorities, policies or market conditions, to make suitable adjustments on the matters of the issue of the Corporate Bonds, or to decide whether to proceed the issue of the Corporate Bonds based on the actual situations, except for the matters which are subject to the shareholders' approval in accordance with the relevant laws, regulations and the Articles of Association; and
- (7) to take all other relevant actions regarding the issue of the Corporate Bonds.

The Board will present resolution to the EGM for authorizing the Board and agreeing the Board in turn to authorize Mr. Li Zhiming, the chairman of the Board and an executive Director, to be the authorized person of this issue, and to represent the Company to deal specifically with the issue and listing related matters, in accordance with the resolutions of the EGM.

The foregoing authorization shall be valid from the date of approval at the EGM to the date when the authorized matters are completed.

The Board believes that the proposed issue of the Corporate Bonds will provide the Company with a source of medium-term to long-term funding at an interest rate which is expected to be more favourable than that generally available for loans from commercial banks. The Board considers that the proposed issue of the Corporate Bonds will lower the Company's costs of borrowings and improve the debt structure of the Company.

An EGM will be convened for the approval of the proposed appointments of non-executive Directors and the proposed issue of the Corporate Bonds. A circular of the Company containing, among other things, detailed information of the proposed appointments of non-executive Directors and details of the proposed issue of the Corporate Bonds, together with the notice of the EGM will be despatched to the Shareholders in due course.

**The proposed issue of the Corporate Bonds may or may not proceed, and the Shareholders and investors should therefore exercise caution in dealing in the shares of the Company.**

**DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

- “Articles of Association” means the articles of association of the Company
- “Audit Committee” means the audit committee of the Board



“Board”	means	the board of directors of the Company
“Company”	means	Sinopharm Group Co. Ltd. (國藥控股股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed and traded on The Stock Exchange of Hong Kong Limited
“Corporate Bonds”	means	corporate bonds of no more than RMB10 billion (inclusive) in scale proposed to be issued by the Company
“Director(s)”	means	the directors of the Company
“EGM”	means	the extraordinary general meeting to be convened for the Shareholders to consider and, if thought fit, to approve the proposed appointments of non-executive Directors and the proposed issue of the Corporate Bonds
“Employee Representative Supervisor”	means	the employee representative supervisor of the Company
“Hong Kong”	means	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong
“PRC”	means	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan Region
“Remuneration Committee”	means	the remuneration committee of the Board
“RMB”	means	Renminbi, the lawful currency of the PRC
“Shareholders”	means	the shareholders of the Company
“Strategy and Investment Committee”	means	the strategy and investment committee of the Board
“Supervisory Committee”	means	the supervisory committee of the Company

By order of the Board of  
**Sinopharm Group Co. Ltd.**  
**Li Zhiming**  
*Chairman*

Shanghai, the PRC

12 January 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Li Zhiming and Mr. Liu Yong; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. She Lulin, Mr. Wang Qunbin, Mr. Ma Ping, Mr. Deng Jindong, and Mr. Wen Deyong; and the independent non-executive directors of the Company are Ms. Li Ling, Mr. Yu Tze Shan Hailson, Mr. Tan Wee Seng, Mr. Liu Zhengdong and Mr. Zhuo Fumin.*

*\* The Company is registered as a non-Hong Kong company under the Hong Kong Companies Ordinance under its Chinese name and the English name "Sinopharm Group Co. Ltd."*