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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 ISSUE OF THE CORPORATE BONDS**

The Board announces that, to satisfy the operation needs of the Company and lower the financial costs, on 29 March 2020, 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 containing, among other things, detailed information of the proposed issue of the Corporate Bonds will be despatched to the Shareholders in due course.

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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 RMB15 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 and type of bonds 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 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 professional 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 the debts 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:** The Corporate Bonds are unsecured bonds.
- 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** A proposal will be presented to the general meeting for authorizing the

repayment: 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:

- (1) no dividend will be distributed to the Shareholders;
- (2) suspend the implementation of projects that incur capital expenditure such as material external investments, acquisitions and mergers;
- (3) payment of salary and bonus of the Directors and senior management of the Company will be adjusted, reduced or ceased; and
- (4) key personnel accountable for such event will not be allowed for re-designation.

Term of validity of the resolution: The term of validity of the resolution passed at the general meeting in relation to the proposed issue of the Corporate Bonds shall be 36 months from the date of approval at the general meeting. If the Board or its authorised person(s) has resolved to issue or partly issue during the valid period of authorization, and the Company has obtained the approval or permit of the issuance from the regulatory authorities in the valid period of the resolution, the Company may complete the relevant issuance during the valid period of such approval or permit.

Subject to the Shareholders' approval at the general meeting, the Board or the person(s) authorised by the Board, will be authorised 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 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 the 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 general meeting 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 general meeting. The foregoing authorization shall be valid from the date of approval at the general meeting 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.

A circular of the Company containing, among other things, detailed information of the proposed issue of the Corporate Bonds 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
“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 RMB15 billion (inclusive) in scale proposed to be issued by the Company
“Director(s)”	means	the directors 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 Limited
“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
“RMB”	means	Renminbi, the lawful currency of the PRC
“Shareholders”	means	the shareholders of the Company

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

Shanghai, the PRC  
29 March 2020

*As at the date of this announcement, the executive directors of the Company are Mr. Li Zhiming, Mr. Yu Qingming and Mr. Liu Yong; the non-executive directors of the Company are Mr. Chen Qiyu, Mr. Ma Ping, Mr. Hu Jianwei, Mr. Deng Jindong and Mr. Wen Deyong, Ms. Guan Xiaohui and Ms. Dai Kun; and the independent non-executive directors of the Company are Mr. Yu Tze Shan Hailson, Mr. Tan Wee Seng, Mr. Liu Zhengdong, Mr. Zhuo Fumin and Mr. Chen Fangruo.*

\* *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.”*