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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)

UPDATE ON SUSPENSION OF TRADING

This announcement is made by Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “**Company**”) pursuant to Rule 13.24A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

References are made to the announcements of the Company dated 3 December 2014 and dated 10 December 2014 in relation to suspension of trading in the H shares of the Company on The Stock Exchange of Hong Kong Limited with effect from 1:00 p.m. on Wednesday, 3 December 2014 pending the release of an announcement containing inside information of the Company.

The Company is in the course of planning a non-public issue of shares and it is proposed that part of the proceeds from the shares issue be applied in acquiring 100% equity interest of Guangzhou Pharmaceutical Research Institute Company Limited* (廣州醫葯研究總院有限公司) owned by Guangzhou Pharmaceutical Holdings Limited* (廣州醫葯集團有限公司), the Company’s controlling shareholder. The Company also proposed to introduce an employees shares proposal to allow employees to hold the shares of the Company pursuant to, among other regulations, the Guidance Opinion in relation to the Pilot Places for Implementation of the Scheme of Shares Ownership by Employees of Listed Companies* (關於上市公司實施員工持股計劃試點的指導意見) of the China Securities Regulatory Commission for the purposes of establishing a mechanism for benefits sharing, improving the corporate governance of the Company and enhancing cohesion and competitiveness.

As the acquisition of equity interest will involve, among other things, audit and valuation and there will be a great deal of works and the employees shares proposal is a material matter subject to uncertainties, trading in the H shares of the Company remains suspended in order to ensure fair disclosure of information, protection of the interest of investors and avoidance of unusual fluctuations in the prices of the shares of the Company.

The Company shall perform its disclosure obligations strictly in accordance with the relevant laws and regulations and will perform its disclosure obligations in a timely manner. Investors are cautioned to invest rationally and to pay attention to the risks associated with investments.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 17 December 2014

As at the date of this announcement, the board of directors 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. Fang Shuting and Mr. Chu Xiaoping as independent non-executive directors.