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If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular accompanying with the form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities, or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**(1) PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION
(2) GENERAL MANDATE TO ISSUE NEW SHARES
AND
(3) NOTICE OF ANNUAL GENERAL MEETING**

Capitalised terms used in this cover page have the same meanings of those defined in this circular.

A letter from the Board is set out on pages 2 to 4 of this circular. The notice convening the AGM to be held at the Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC on Thursday, 23 June 2016 at 10:00 a.m. or any adjournment thereof is set out on pages AGM-1 to AGM-7 of this circular.

Whether or not you intend to attend the AGM, please complete the form of proxy despatched together with the aforementioned notice in accordance with the instructions printed thereon and return it to the office of the Company's H Share Registrar, Hong Kong Registrars Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shares Shareholders) as soon as possible and in any event not less than 24 hours before the time appointed for the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

9 May 2016

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions have the following meanings:

“A Shares”	RMB-denominated domestic shares in the share capital of the Company with a nominal value of RMB1.00 each and are listed on Shanghai Stock Exchange
“AGM”	the annual general meeting of the Company for year 2015 (including any adjournment thereof) to be held at 10:00 a.m. on Thursday, 23 June 2016
“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“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 of Hong Kong Limited and the Shanghai Stock Exchange respectively
“Directors”	the directors of the Company
“General Mandate”	a general mandate which is exercisable by the Directors to allot, issue and deal with additional A Shares and/or H Shares not exceeding 20% of the A Shares and the H Shares respectively in issue as at the date of passing of the relevant Shareholders’ resolution
“H Shares”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each and are listed on The Stock Exchange of Hong Kong Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“PRC”	the People’s Republic of China and, for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the A Shares and/or H Shares
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Li Chuyuan
Mr. Chen Mao
Ms. Liu Juyan
Ms. Cheng Ning
Mr. Ni Yidong
Mr. Wu Changhai
Mr. Wang Wenchu

Independent non-executive Directors:

Mr. Wong Lung Tak Patrick
Mr. Qiu Hongzhong
Mr. Chu Xiaoping
Mr. Jiang Wenqi

*Registered office and principal place
of business:*

45 Sha Mian North Street
Liwan District
Guangzhou City, Guangdong Province
The PRC

Principal place of business in Hong Kong:

Room 2005, 20th Floor
Tower Two Lippo Centre
89 Queensway
Hong Kong

9 May 2016

To the Shareholders

Dear Sir or Madam:

**(1) PROPOSED AMENDMENTS TO
THE ARTICLES OF ASSOCIATION
(2) GENERAL MANDATE TO ISSUE NEW SHARES
AND
(3) NOTICE OF THE AGM**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding (i) the proposed amendments to the Articles of Association; and (ii) the General Mandate and to give you the notice of the AGM.

LETTER FROM THE BOARD

2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

(a) Details of the proposed amendments to the Articles of Association

Reference is made to the announcement of the Company dated 27 April 2016 whereby it was announced that the Company proposed to amend the Articles of Association. Details of the proposed amendments to the Articles of Association are set out in Appendix I to this circular.

(b) Shareholders' approval

The proposed amendments to the Articles of Association are subject to the approval by the Shareholders by way of special resolution. A resolution will be proposed at the AGM for the Shareholders to consider and, if thought fit, approve the proposed amendments to the Articles of Association.

(c) Reasons for the proposed amendments to the Articles of Association

The Board proposed to amend the Articles of Association in order to further improve the standard of corporate governance of the Company, to ensure compliance with the Companies Laws of the PRC and relevant laws and regulations and to operate within the business scope registered with the Administration for Industry and Commerce of the PRC. Having taken into account the factors mentioned above, the Directors (including the independent non-executive Directors) consider that the proposed amendments to the Articles of Association are in the interest of the Company and the Shareholders as a whole.

3. GENERAL MANDATE

At (i) the extraordinary general meeting of the Company held on 13 March 2015; (ii) the class meeting of the holders of the A Shares held on 13 March 2015; and (iii) the class meeting of the holders of the H Shares held on 13 March 2015, each of the then Shareholders, holders of A Shares and holders of the H Shares passed resolution granting general mandate to the Directors to allot, issue and deal with the H Shares. Such general mandate had already lapsed at the conclusion of the annual general meeting of the Company held on 26 June 2015. Resolution will therefore be proposed at the AGM for the grant of the General Mandate under which the Board would be conditionally authorised to issue additional new H Shares and A Shares.

Any exercise of the power by the Board under the General Mandate will have to comply with the Articles of Association, the Companies Law of the PRC and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and all other applicable laws, rules, regulations and requirements of relevant governmental or regulatory authorities.

As disclosed in the shareholding table depicted in the section headed "Letter from the Board – D. The Proposed Placing – (c) Effects on the shareholding structure of the Company" in the circular of the Company dated 16 February 2016 ("**February Circular**"), the percentage of the H Shares in issue will fall below 15% of the total issued shares of the Company immediately upon completion of the proposed placing of new A Shares as described in the February Circular. Pursuant to Rule 8.08(1)(b) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), the H Shares must not be less than 15% of the Company's total number of issued shares. The Directors therefore seek the Shareholders to approve the General Mandate so that the Company may issue additional H Shares to facilitate the Company to comply with the aforesaid requirement under the Listing Rules. The Directors believe that the General Mandate will also allow financial flexibility for the Company to raise further funds for its future business development and expansion. Accordingly, the Directors consider that the approval of the grant of the General Mandate is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

4. AGM

The AGM will be held at the conference room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC on Thursday, 23 June 2016 at 10:00 a.m. The notice convening the AGM is set out on pages AGM-1 to AGM-7 of this circular.

Whether or not you intend to attend the AGM, please complete the form of proxy despatched together with the aforementioned notice in accordance with the instructions printed thereon and return it to the office of the Company's H Share Registrar, Hong Kong Registrars Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shares Shareholders) in accordance with the instructions printed thereon as soon as possible and in any event not less than 24 hours before the time appointed for the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

All resolutions will be passed by way of a poll.

5. RECOMMENDATIONS

The Board considers that both the proposed amendments to the Articles of Association and the proposed grant of the General Mandate are in the interest of the Company and the Shareholders as a whole and, accordingly, recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

6. GENERAL

In the event of inconsistency, the Chinese text of this circular shall prevail over the English text.

Yours faithfully,
The Board of
**Guangzhou Baiyunshan Pharmaceutical
Holdings Company Limited**

Article 3

The existing Article 3 is as follows:

Registered Chinese Name: 廣州白雲山醫藥集團股份有限公司
English Name: GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS COMPANY LIMITED
Address: 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC
Telephone: (8620)8121 8103
Fax: (8620)8121 6408
Postal code: 510130

The proposed amendment(s):

“Li Wan District” will be inserted in the Company’s address in the Chinese version, and the telephone number and the fax number will be changed.

Article 3 after the proposed amendment is as follows:

Registered Chinese Name: 廣州白雲山醫藥集團股份有限公司
English Name: GUANGZHOU BAIYUNSHAN PHARMACEUTICAL HOLDINGS COMPANY LIMITED
Address: 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC
Telephone: (8620) **6628 1011**
Fax: (8620) **6628 1229**
Postal code: 510130

Article 13

The existing Article 13 is as follows:

The business scope of the Company should be consistent with those set out in the business license. The Company shall engage in operations within the business scope registered with the Administration for Industry and Commerce.

The business scope of the Company as approved by the state-owned assets administration department covers: operation, investment, development and financing of state-owned assets; research and development, producing and sales of medicines, Chinese medicines, Chinese traditional prepared herbal medicine slice, chemical materials, intermediates for chemical crude drug, packaged food, healthcare food, food for special nutrition uses, drinks, medical apparatus, pharmaceutical machinery, medical supplies, medical materials and dressing, cosmetics, trade brokerage and agency (the specific items of the above-mentioned research and development, manufacturing and sales are subject to as set out in the licenses of relevant affiliated companies); wholesale and retail trade (except for commodities exclusively sold and controlled by the state); provision of services of securities investment, development of technology and products and improvement of technology for new technology, new products and new materials in the pharmaceutical sector, product information enquiry and property development; development of computer software; provision of information and technology services; import and export of goods and technology (the import and export of the items

restricted by laws and administrative regulations should only be conducted upon obtaining the required permits); general cargo and transportation agency; operation of counter trade and transshipment trade; storage (except dangerous chemicals); development, leasing and management of properties.

(If the final business scope of the Company as approved by the Administration for Industry and Commerce is different from that mentioned above, the business scope approved by the Administration for Industry and Commerce shall prevail)

The proposed amendment(s):

Article 13 relates to the scope of business of the Company. Under the proposed amendment(s), the major change is the inclusion of retail of wine, drinks and tea. Other changes are principally modifications due to the requirements of the Administration for Industry and Commerce of the PRC. Save for the inclusion of retail of wine, drinks and tea, the scope of business of the Company remains substantially unchanged.

Article 13 after the proposed amendment is as follows:

The business scope of the Company should be consistent with those set out in the business license. The Company shall engage in operations within the business scope registered with the Administration for Industry and Commerce.

The business scope of the Company is as follows: research and development of medicine; manufacturing of chemical raw material medicine; manufacturing of chemical drug preparations; production of Chinese patent medicine; processing of Chinese herbal medicine; manufacturing of biological medicine; manufacturing of medical materials and pharmaceutical supplies; wholesale of Western medicine; wholesale of Chinese patent drug and Chinese herbal medicine; retail of medicine; manufacturing of healthy foods; manufacturing of tea drinks and other beverages; wholesale of non-alcoholic drinks and tea; manufacturing of food additives; manufacturing of bottled (canned) drinking water; manufacturing of fruit and vegetable juice and beverages; manufacturing of solid beverage; manufacturing of carbonated beverage; manufacturing of cosmetic products; wholesale of cosmetic products and sanitary supplies; retail of cosmetic products and sanitary supplies; manufacturing of oral cleaning supplies; wholesale of cleaning supplies; manufacturing of soaps and synthetic detergents; wholesale of equipment for medical diagnosis, surveillance and treatment; retail of equipment for medical diagnosis, surveillance and treatment; operation of unlicensed medical apparatus; operation of licensed medical apparatus; retail of medical supplies and apparatus (excluding pharmaceuticals and medical apparatus); wholesale of prepackaged food; retail of prepackaged food; manufacturing of veterinary drugs; sales of veterinary medicine; manufacturing of other wine; wholesale of wine; **retail of wine, drinks and tea**; wholesale of chemical products (including dangerous chemicals; excluding petroleum products and precursor chemicals); retail of chemical products (except for dangerous chemicals); import and export of technologies; import and export of goods (except for exclusively controlled and franchised merchandise); property management; property leasing; packaging service of transport goods; vehicle weighing service; development and operation of real estate; operation of parking lots; cargo terminal service; road freight transport.

(If the final business scope of the Company as approved by the Administration for Industry and Commerce is different from that mentioned above, the business scope approved by the Administration for Industry and Commerce shall prevail).

Article 46

The existing Article 46 is as follows:

If the individual who have his/her names registered or requests to have his/her names registered on the register of shareholders lose his/her share certificate (i.e the “original share certificate”), (s)he may apply to the Company for issuing a replacement share certificate representing the same shares (i.e “related shares”). In the event that a shareholder of domestic shares loses his/her share certificate(s) and applies for issuing replacement share certificate(s), (s)he should follow the procedures as stipulated in Rule 150 of the “Company Law”.

In the event that a shareholder of overseas listed foreign investment shares loses his/her share certificate(s) and applies for issuing replacement share certificate(s), (s)he should follow the procedures as required by the laws, regulations of the stock exchange or any other related rules in the place where the register of shareholders for such overseas listed foreign investment shares is kept.

In the event that a shareholder of the Company’s overseas listed foreign investment shares listed in Hong Kong (H shares) loses his/her share certificate(s) and applies for issuing replacement share certificate(s), such issue shall be subject to the following conditions:

- (1) An applicant is required to lodge his/her application in standard form as specified by the Company with a notarisation or a statutory declaration. A notarisation or a statutory declaration shall include the reasons of the application, the details and evidences for the loss of the share certificates, and the declaration to state that no other persons are entitled to be registered as shareholders of the same shares.
- (2) The Company has not received, prior to the Company’s decision for the issue of replacement share certificates, any declaration from any person(s) other than the applicant to request to be registered as the shareholder of the same shares.
- (3) Once the Company decides to issue replacement share certificates to the applicant, a press announcement on the issue of the same will be published on a newspaper specified by the Board. The announcement should be published at least once every 30 days during a period of 90 days.
- (4) The Company is required, prior to the publication of the announcement on the issue of replacement share certificates, to deliver to the stock exchange on which its shares are listed a copy of the same announcement. The announcement is allowed to be published once the Company has received the confirmation of the stock exchange that the same has been shown on the stock exchange. The announcement required should be posted on the stock exchange for 90 days. If the application for the issue of replacement share certificates has not been approved by the registered shareholder of same shares, the Company shall send to such shareholder a copy of the announcement to be published.

- (5) If the Company has not received any objection from any person in respect of the issue of replacement share certificates upon the expiration of the 90 days period for the posting of the announcement as required in paragraphs (3) and (4) of this Article, the Company may issue replacement share certificates according to the application of the applicant.
- (6) The Company is required to cancel the original share certificates immediately once the replacement share certificates are issued, and enter the cancellation and the issue into the register of shareholders as required by this Article.
- (7) The applicant shall bear all the cost incurred to the Company relating to and in connection with the cancellation of the original share certificates and the issue of replacement share certificates. The Company has the right to refuse to take any action until reasonable guarantees being provided by the applicant.

The proposed amendment(s):

Article 46 relates to re-issue of share certificate(s). Under the proposed amendment(s), the relevant reference to the Companies Law will be changed from Rule 150 to Rule 143.

Article 46 after the proposed amendment is as follows:

If the individual who have his/her names registered or requests to have his/her names registered on the register of shareholders lose his/her share certificate (i.e the “original share certificate”), (s)he may apply to the Company for issuing a replacement share certificate representing the same shares (i.e “related shares”). In the event that a shareholder of domestic shares loses his/her share certificate(s) and applies for issuing replacement share certificate(s), (s)he should follow the procedures as stipulated in **Rule 143** of the “Company Law”.

In the event that a shareholder of overseas listed foreign investment shares loses his/her share certificate(s) and applies for issuing replacement share certificate(s), (s)he should follow the procedures as required by the laws, regulations of the stock exchange or any other related rules in the place where the register of shareholders for such overseas listed foreign investment shares is kept.

In the event that a shareholder of the Company’s overseas listed foreign investment shares listed in Hong Kong (H shares) loses his/her share certificate(s) and applies for issuing replacement share certificate(s), such issue shall be subject to the following conditions:

- (1) An applicant is required to lodge his/her application in standard form as specified by the Company with a notarisation or a statutory declaration. A notarisation or a statutory declaration shall include the reasons of the application, the details and evidences for the loss of the share certificates, and the declaration to state that no other persons are entitled to be registered as shareholders of the same shares.

- (2) The Company has not received, prior to the Company's decision for the issue of replacement share certificates, any declaration from any person(s) other than the applicant to request to be registered as the shareholder of the same shares.
- (3) Once the Company decides to issue replacement share certificates to the applicant, a press announcement on the issue of the same will be published on a newspaper specified by the Board. The announcement should be published at least once every 30 days during a period of 90 days.
- (4) The Company is required, prior to the publication of the announcement on the issue of replacement share certificates, to deliver to the stock exchange on which its shares are listed a copy of the same announcement. The announcement is allowed to be published once the Company has received the confirmation of the stock exchange that the same has been shown on the stock exchange. The announcement required should be posted on the stock exchange for 90 days. If the application for the issue of replacement share certificates has not been approved by the registered shareholder of same shares, the Company shall send to such shareholder a copy of the announcement to be published.
- (5) If the Company has not received any objection from any person in respect of the issue of replacement share certificates upon the expiration of the 90 days period for the posting of the announcement as required in paragraphs (3) and (4) of this Article, the Company may issue replacement share certificates according to the application of the applicant.
- (6) The Company is required to cancel the original share certificates immediately once the replacement share certificates are issued, and enter the cancellation and the issue into the register of shareholders as required by this Article.
- (7) The applicant shall bear all the cost incurred to the Company relating to and in connection with the cancellation of the original share certificates and the issue of replacement share certificates. The Company has the right to refuse to take any action until reasonable guarantees being provided by the applicant.

Article 60(13)

The existing Article 60(13) is as follows:

- (13) to consider any proposals made by shareholders representing more than 5% (inclusive) of the voting rights of the Company;

The proposed amendment(s):

Article 60(13) relates to the scope of power of the general meeting. Under the proposed amendment(s), the relevant percentage of shareholding will be reduced to more than 3% (inclusive).

Article 60(13) after the proposed amendment is as follows:

- (13) to consider any proposals made by shareholders representing more than **3%** (inclusive) of the voting rights of the Company;

Article 63(1)

The existing Article 63(1) is as follows:

- (1) the number of directors fall short of the number as stipulated by the Company Law or is less than 8;

The proposed amendment(s):

Article 63(1) relates to the requirement of holding an extraordinary general meeting within two months after the number of directors falls below a specified number. Under the proposed amendment(s), the relevant number will be changed to “the number as stipulated by the Company Law or is less than two-thirds of the number of directors as stipulated under the Articles of Association”

Article 63(1) after the proposed amendment is as follows:

- (1) the number of directors falls below the number as stipulated by the Company Law or is less than **two-thirds of the number of directors as stipulated under the Articles of Association;**

Article 90

The existing Article 90 is as follows:

To effectively safeguard the interests of public shareholders, the Company may, if conditions permit, provide a network voting system for domestic shareholders to vote at general meetings. **The Company shall provide a network voting platform for domestic shareholders to vote in relation to the matters set out in Article 79.**

If a network voting platform is provided for domestic shareholders to vote at general meeting, all domestic shareholders whose names appeared in the register of the Company at the date of record of shareholders for the meeting are all entitled to vote via the network, provided that only one of the voting methods either in person, through the network or other ways shall be selected for the same shares.

Network voting for domestic shareholders at general meeting shall be implemented in accordance with relevant laws, regulations and provisions.

The proposed amendment(s):

Article 90 relates to voting by the holders of domestic shares through network voting system. Under the proposed amendment(s), “The Company shall provide a network voting platform for domestic shareholders to vote in relation to the matters set out in Article 79.” will be deleted.

Article 90 after the proposed amendment is as follows:

To effectively safeguard the interests of public shareholders, the Company may, if conditions permit, provide a network voting system for domestic shareholders to vote at general meetings.

If a network voting platform is provided for domestic shareholders to vote at general meeting, all domestic shareholders whose names appeared in the register of the Company at the date of record of shareholders for the meeting are all entitled to vote via the network, provided that only one of the voting methods either in person, through the network or other ways shall be selected for the same shares.

Network voting for domestic shareholders at general meeting shall be implemented in accordance with relevant laws, regulations and provisions.

Article 92

The existing Article 92 is as follows:

Resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed by half or more of the voting rights held by the shareholders (including proxies) present at the meeting.

A special resolution of a general meeting shall be passed by two-thirds or more of the voting rights held by the shareholders (including proxies) present at the meeting.

The proposed amendment(s):

Article 92 relates to the percentage of votes required for the passing of a special resolution and an ordinary resolution. Under the proposed amendment(s), the relevant percentage for the passing of an ordinary resolution will be changed from “half or more” to “more than one half”. The Company is of view that it is necessary to change the wordings, in particular the Chinese version, to achieve certainty.

Article 92 after the proposed amendment is as follows:

Resolutions of the general meeting are divided into ordinary resolutions and special resolutions.

An ordinary resolution of a general meeting shall be passed by **more than one half** of the voting rights held by the shareholders (including proxies) present at the meeting.

A special resolution of a general meeting shall be passed by two-thirds or more of the voting rights held by the shareholders (including proxies) present at the meeting.

Article 98(5)

The existing Article 98(5) is as follows:

- (5) the provision by the Company of any security with an amount of over 10% of the net asset in the consolidated accounting statement for the latest accounting year in respect of the secured object which falls into the Company's standards;

The proposed amendment(s):

Article 98(5) relates to the matters which must be approved by way of ordinary resolution. Under the proposed amendment(s), the relevant amount will be changed to "a single security with an amount of over 10% of the latest audited net asset in respect of the secured object which satisfies the Company's standards".

Article 98(5) after the proposed amendment is as follows:

- (5) the provision by the Company of **a single security** with an amount of over 10% of the **latest audited** net asset in respect of the secured object which **satisfies** the Company's standards;

Article 101

The existing Article 101 is as follows:

Where any of the circumstances provided in Article 93 occurs, subsequent to the notice of the general meeting of shareholders, the Company shall give another notice of general meeting within three days after the date of equity registration

The proposed amendment(s):

Article 101 relates to the requirement of issuing a further notice of shareholders' meeting after a notice of shareholders' meeting has already been issued. Under the proposed amendment(s), the relevant reference to the provisions of the Articles of Association will be changed from "Article 93" to "Article 100" in order to correct an existing clerical mistake.

Article 101 after the proposed amendment is as follows:

Where any of the circumstances provided in **Article 100** occurs, subsequent to the notice of the general meeting of shareholders, the Company shall give another notice of general meeting within three days after the date of equity registration

Article 135(12)

The existing Article 135(12) is as follows:

- (12) making decision on external guarantee where the items guaranteed satisfying the conditions of the Company involves an amount of not more than 10% (or 10%) of the net assets in the consolidated financial statements of the most recent fiscal year;

The proposed amendment(s):

Article 135(12) relates to the scope of powers of the Board. Under the proposed amendment(s), the relevant amount will be changed to “a single external guarantee where the items guaranteed satisfying the conditions of the Company involves an amount of not more than 10% (or 10%) of the latest audited net assets”.

Article 135(12) after the proposed amendment is as follows:

- (12) making decision on **a single** external guarantee where the items guaranteed satisfying the conditions of the Company involves an amount of more than 10% (or 10%) of the **latest audited** net assets;

Article 195(II)

Article 195(II) is as follows:

(II) Guarantees to other parties

- I. The Company is prohibited from providing a guarantee for a loan to a controlling shareholder, a subsidiary of a shareholder, a fellow subsidiary of a shareholder and other related parties in which the Company holds less than 50% equity interests, or any non-legal persons or individuals;
- II. The total amount of guarantees provided by the Company shall not be more than 50% of net asset value of the Company as shown in the latest audited consolidated financial statements;
- III. The Company shall carry out a credit review of the parties for which the Company provides guarantee and the Company is not allowed to, directly or indirectly, provide guarantee for a loan to any party whose debt to assets ratio is higher than 70%;
- IV. For any guarantee to be provided by the Company, the Company must request the party for which the guarantee is given to give a counter guarantee to the Company and the party who gives the counter guarantee must have the actual capability to perform the counter guarantee.

The proposed amendment(s):

Article 195(II) relates to the provision of guarantees by the Company to third parties. Under the proposed amendment(s), the original paragraphs II and III will be deleted for updating purposes pursuant to the latest laws and regulations.

Article 195(II) after the proposed amendment is as follows:

(II) Guarantees to other parties

- I. The Company is prohibited from providing a guarantee for a loan to a controlling shareholder, a subsidiary of a shareholder, a fellow subsidiary of a shareholder and other related parties in which the Company holds less than 50% equity interests, or any non-legal persons or individuals;
- II. For any guarantee to be provided by the Company, the Company must request the party for which the guarantee is given to give a counter guarantee to the Company and the party who gives the counter guarantee must have the actual capability to perform the counter guarantee.

NOTICE OF AGM



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)

NOTICE OF THE 2015 ANNUAL GENERAL MEETING

IMPORTANT NOTICE

- Date and time of the 2015 annual general meeting (the “AGM”) to be held on-site: 23 June 2016 (Thursday) at 10:00 a.m..
- Registration date of the AGM : 24 May 2016 (Tuesday).
- Place at which the AGM will be held: Conference Room of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “Company”), 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the People’s Republic of China (the “PRC”).
- Manner of the holding of the AGM: the AGM will be held both on-site and by way of network voting (applicable to A shares).

I. INFORMATION REGARDING THE CONVENING OF THE AGM

1. The resolutions to convene the AGM were considered and passed at the 21st meeting of the sixth session of the board of directors of the Company (the “Board”).
2. Date and time of the AGM: 23 June 2016 (Thursday) at 10:00 a.m..
3. Place at which the AGM will be held: Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC.
4. The Convener of the meeting: the Board.
5. Manner of voting: the manner of the voting for the AGM will be both on-site and by way of network voting (applicable to A shares).
6. The system, commencement date, ending date and voting time of the network voting (applicable to A shares):

NOTICE OF AGM

The Company shall offer the network voting system of The Shanghai Stock Exchange (the “SSE”). The time for casting votes via the voting platform of the trading system is the trading sessions on the date on which the AGM will be held (23 June 2016) i.e. 9:15 to 9:25, 9:30 to 11:30 and 13:00 to 15:00. The time for casting votes via network voting will be from 9:15 to 15:00 on the date on which the AGM will be held.

7. The voting procedure of accounts in respect of margin trading and securities lending, refinancing, buy-back agreement business and investors of the Northbound Trading Link:

The voting procedure of accounts in respect of margin trading and securities lending, refinancing, buy-back agreement business and investors of the Northbound Trading Link shall be conducted in accordance with the relevant provisions of the Detailed Rules of the Shanghai Stock Exchange for Online Voting in Shareholders’ General Meetings of Listed Companies etc..

8. Solicitation of shareholders’ voting rights:

Not applicable.

II. MATTERS TO BE CONSIDERED AT THE AGM

1. To be considered and passed by way of ordinary resolutions:

- (1) Report of the Board for year 2015;
- (2) Report of the supervisory committee of the Company for year 2015;
- (3) Financial reports of the Company for year 2015;
- (4) Auditors’ reports of the Company for year 2015;
- (5) Proposal on profit distribution and dividend payment of the Company for year 2015;
- (6) Operational targets and financial budget report of the Company for year 2016;
- (7) Resolution on the total service emoluments to be paid to the directors of the Company for year 2016;
- (8) Resolution on the total service emoluments to be paid to the supervisors of the Company for year 2016;
- (9) Resolution on the amounts of guarantees to be provided by the Company to secure the bank loans for some of its subsidiaries;
- (10) Resolution on the application by the Company for general banking facilities not exceeding RMB2 billion;

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- (11) Resolution on entrusted loans business between the Company and its subsidiaries;
- (12) Resolution on the prediction of daily connected transactions of the year 2016;
- (13) Resolution on the re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the auditors of the Company for year 2016;
- (14) Resolution on the re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the auditors for the internal control of the Company for year 2016;
- (15) Resolution on amendments to the rules of Procedure of Shareholders' Meetings of the Company;
- (16) Resolution on amendments to the rules of Procedure of the Board of Directors of the Company;
- (17) Resolution on amendments to the rules of Procedure of the Supervisory Committee of the Company;

The above resolutions were approved at (i) both the 21st meeting of the sixth session of the Board and the 11th meeting of the sixth session of the supervisory committee of the Company held on 18 March 2016 and (ii) both the 22nd meeting of the sixth session of the Board and the 12th meeting of the sixth session of the supervisory committee of the Company held on 27 April 2016.

2. To be considered by way of special resolutions:

- (1) Resolution on the granting of a general mandate to the Board for issuing the new shares of the Company;
 - 1. Subject to the satisfaction of the conditions set out in paragraphs (a), (b) and (c) below, an unconditional general mandate be granted to the Board to allot, issue and deal with A shares (the “**A Shares**”) and/or H shares (the “**H Shares**”) during the Relevant Period (as defined below) and to make or grant offers, agreements and options in this connection:
 - (a) save and except that the Board may make or grant offers, agreements and options pursuant to the unconditional general mandate during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period, the unconditional general mandate may exercise only during the Relevant Period;

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- (b) the aggregate nominal amount of the A Shares and H Shares allotted, issued and dealt whether conditionally or unconditionally (whether pursuant to an option or otherwise) by the Board during the Relevant Period, other than the shares issued pursuant to a rights issue or the right to purchase the shares of the Company under any option scheme or similar arrangement, shall not exceed 20% of each of the A Shares and/or H Shares in issue as at the date of passing this resolution; and
 - (c) in exercising the mandate granted above, the Board must comply with the Companies Law of the PRC, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other applicable laws, rules and regulations of governments or regulatory authorities and have obtained approvals from the China Securities Regulatory Commission and/or other relevant PRC government departments.
 - 2. For the purpose of this special resolution, “Relevant Period” means the period from the passing of this special resolution until whichever is the earlier of:
 - (a) the conclusion of the next annual general meeting following the passing of this special resolution;
 - (b) the expiration of a period of twelve months following the passing of this special resolution; and
 - (c) the date on which the authority granted to the Board as set out in this special resolution is revoked or varied by a special resolution of the members of the Company in any general meeting.
 - 3. Subject to paragraph 1, the Board be and is hereby authorised to approve the increase in the registered capital of the Company to reflect the number of shares issued pursuant to the general mandate granted under paragraph 1 of this special resolution and to make such corresponding amendments to the articles of association of the Company to reflect the increase in the registered capital of the Company and to take such necessary actions and to complete such necessary procedures to reflect the issue of shares and the increase in the registered capital of the Company in connection with paragraph 1 of this special resolution.
- (2) Resolution on amendments to the articles of association of the Company.

The above resolutions were approved at the 22nd meeting of the sixth session of the Board of the Company held on 27 April 2016.

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III. ATTENDEES OF THE AGM AND BOOK CLOSURE PERIOD FOR HOLDERS OF H SHARES

1. Holders of domestic shares (A shares) and overseas listed foreign capital shares (H shares) whose names appeared on the register of members of the Company after the end of the trading hours on 24 May 2016 (Tuesday) (including those holders of H shares who have submitted verified application documents for the transfer of shares on or before 24 May 2016 (Tuesday)) are entitled to attend the AGM. The register of members of the Company will be closed from 25 May 2016 (Wednesday) to 23 June 2016 (Thursday) (both days inclusive) during which no transfer of H shares will be effected. In order to determine who are entitled to attend the AGM, all share transfer documents of H shares together with the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, namely Hong Kong Registrars Limited, for share transfer registration not later than 4:00 p.m. on 24 May 2016 (Tuesday).
2. Any shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (whether or not he/she is a shareholder) to attend and vote at the meeting on his/her behalf. If any shareholder appoints more than one proxy, the proxies can only vote by poll. To be valid, the proxy form and the notarially certified power of attorney and/or other documents of authorization (if any) must be delivered to the Company's office address (for holders of A shares) or the office address of the Company's H share Registrar, Hong Kong Registrars Limited (for holders of H shares) no less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof.
3. Shareholders who intend to attend the AGM in person or by proxy should complete and return the attached reply slip by hand, by mail or by fax in accordance with the instructions printed thereon before 3 June 2016 (Friday).
4. The directors, supervisors and senior management of the Company.
5. The lawyers of the Company.

IV. REGISTRATION FOR THE AGM

A. Methods of registration

1. *On-site registration*

To attend the AGM, an individual shareholder should bring along his/her identity card, shareholder account card; a proxy should bring along the proxy form, his/her identity card and the identity card of the principal and the shareholder account card for registration purpose. A legal person shareholder shall bring along a copy of the business license, the proxy form signed by the legal entity, the shareholder account card and the identity card of the attendee for registration purpose. Shareholders outside Guangzhou can register by mail, telephone or fax.

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2. *Registration for network voting (applicable to A shares)*

Securities investments funds voting at the AGM via network voting shall make filings at the network voting shareholders' accounts of the SSE Infonet Company Limited within two working days after the shareholding registration date of the AGM.

B. Place and time of registration

Registration date and time: 09:30 a.m.-11:30 a.m. and 2:30 p.m. - 4:30 p.m. on 3 June 2016 (Friday)

Place of registration: The Secretariat of the Company, 2nd Floor, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC

V. OTHERS

1. Address: 2nd Floor of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC
Postal code: 510130
Contact person: Chen Jing/Huang Xuezhen
Telephone: (8620) 6628 1217/6628 1220/6628 1219
Fax: (8620) 6628 1229
Email: sec@gybys.com.cn/chenj@gybys.com.cn
2. Address of the Shanghai Branch of China Securities Depository and Clearing Corporation Limited: 3/F, China Insurance Building, No. 166 Lujiazui Road East, Shanghai, the PRC
Address of Hong Kong Registrars Limited: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
3. Shareholders attending the AGM shall be responsible for their own travelling and accommodation expenses.
4. Reporters attending the AGM shall register before the registration time for the shareholders.

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VI. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolutions passed at the 21st meeting of the sixth session of the Board and the relevant announcement.
2. Resolutions passed at the 22nd meeting of the sixth session of the Board and the relevant announcement.
3. Resolutions passed at the 11th meeting of the sixth session of the supervisory committee of the Company and the relevant announcement.
4. Resolutions passed at the 12th meeting of the sixth session of the supervisory committee of the Company and the relevant announcement.

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

Guangzhou, the PRC, 6 May 2016

As at the date of this notice, 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.