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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 ADDITION OF NEW ENTITIES WHICH MAY USE PART OF
THE PLACING PROCEEDS
AND
(2) PROPOSED RE-APPOINTMENTS OF AUDITORS
AND
(3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

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

A letter from the Board is set out on pages 3 to 6 of this circular. The notice convening the EGM to be held at the Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC on Friday, 22 December 2017 at 10:00 a.m. or any adjournment thereof is set out on pages 7 to 10 of this circular.

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

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Notice of the EGM	7

DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions 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
“BDO”	BDO China Shu Lun Pan Certified Public Accountants LLP
“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 HKSX and the Shanghai Stock Exchange respectively
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Friday, 22 December 2017 at 10:00 a.m., including any adjournment thereof
“Grand Southern TCM Platform Establishment”	the establishment of the R&D platform for “Grand Southern TCM” as described in more details in the subsection headed “a. Establishment of the R&D platform for “Grand Southern TCM”” on page 18 of the Placing Circular
“H Share(s)”	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1.00 each and are listed on the HKSX
“HK”	the Hong Kong Special Administrative Region of the PRC
“HSX”	The Stock Exchange of Hong Kong Limited
“LPD”	1 November 2017, being the latest practicable date prior the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Placing”	the placing of the new A Shares as first disclosed in the announcement of the Company dated 12 January 2015
“Placing Circular”	the circular of the Company in relation the Placing dated 26 February 2015

DEFINITIONS

“Placing Proceeds”	the final proceeds raised by the Company through the Placing, being approximately RMB7,863 million after deducting relevant expenses
“PRC”	the People’s Republic of China, which for the purposes of this circular, excludes HK, 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

* *For identification purposes only*

All times stated in this circular refer to Hong Kong time.

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

*Registered office and principal place
of business:*

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

Independent non-executive Directors:

Mr. Chu Xiaoping
Mr. Jiang Wenqi
Mr. Wong Hin Wing
Ms. Wang Weihong

Principal place of business in Hong Kong:

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

6 November 2017

To the Shareholders

Dear Sir or Madam

**(1) PROPOSED ADDITION OF NEW ENTITIES WHICH MAY USE PART OF
THE PLACING PROCEEDS
AND
(2) PROPOSED RE-APPOINTMENTS OF AUDITORS
AND
(3) NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

1. INTRODUCTION

The purpose of this circular is to provide you with information in relation to the resolutions to be proposed at the EGM on (i) addition of new entities which may use part of the Placing Proceeds and (ii) re-appointments of BDO as auditors and to give you the notice of the EGM.

LETTER FROM THE BOARD

2. PROPOSED ADDITION OF NEW ENTITIES WHICH MAY USE PART OF THE PLACING PROCEEDS

In the subsection headed “a. Establishment of the R&D platform for “Grand Southern TCM” on page 18 of the Placing Circular, it was disclosed that part of the Placing Proceeds (being RMB1,500 million) were intended to be used for financing the establishment of the R&D platform for “Grand Southern TCM”. Under the plan of the non-public issue of A Shares of the Company in relation to the Placing, the Company was specified as the entity to use part of the Placing Proceeds for the Grand Southern TCM Platform Establishment. At the Board meeting held on 20 October 2017, the Directors (including all the independent non-executive Directors) resolved that (i) Guangzhou Baiyunshan Pharmaceutical General Factory* (廣州白雲山醫藥集團股份有限公司白雲山製藥總廠), a branch of the Company; (ii) Guangzhou Baiyunshan Chemical Pharmaceutical Factory* (廣州白雲山醫藥集團股份有限公司廣州白雲山化學製藥廠), a branch of the Company; (iii) Guangzhou Baiyunshan Bai Di Bio-technology Co., Ltd.* (廣州白雲山拜迪生物醫藥有限公司), a subsidiary of the Company; and (iv) Guangzhou Baiyunshan Han Fang Contemporary Pharmaceutical Co., Ltd.* (廣州白雲山漢方現代藥業有限公司), a subsidiary of the Company shall, in addition to the Company, be included as the entities which may use the part of the Placing Proceeds for the Grand Southern TCM Platform Establishment. The reasons for the proposed addition in entities are, among other things, to speed up the implementation of the Grand Southern TCM Platform Establishment and to strengthen the competitive powers of the Company. On the basis of the reasons disclosed above, the Directors considered that the proposed addition of new entities which may use the part of the Placing Proceeds for the Grand Southern TCM Platform Establishment are in the best interests of the Company and the Shareholders as a whole. The independent non-executive directors of the Company opined that addition of the entities which may use the part of the Placing Proceeds for the Grand Southern TCM Platform Establishment would not cause material impact on the implementation of the Grand Southern TCM Platform Establishment or the operation and management of the Group and is to the benefit of the business development of the Group.

Pursuant to the applicable PRC regulations such as Listed Companies Regulatory Guidelines No. 2 – Management and Use of Funds Raised by Listed Companies (《上市公司監管指引第2號 – 上市公司募集資金管理和使用》) and the Measures for the Management of the Funds Raised by Listed Companies of the Shanghai Stock Exchange (2013 Revised) (《上海證券交易所上市公司募集資金管理辦法(2013年修訂)》), the changes of the entities using the Placing Proceeds are required to be approved by both the Directors and the Shareholders. Accordingly, resolution on addition of new entities which may use the part of the Placing Proceeds for the Grand Southern TCM Platform Establishment will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve. Should such resolution passed by the Shareholders at the EGM, the Company will inject further capital into the branches and the subsidiaries of the Company mentioned in the preceding paragraph. The proposed addition of entities which may use part of the Placing Proceeds as described in this circular would not result in any change to the information regarding the Placing disclosed by the Company prior to the LPD.

3. PROPOSED RE-APPOINTMENTS OF AUDITORS

In the announcement of the Company dated 7 June 2017, it was disclosed, among other things, that:

- (a) BDO had received two notices of administrative penalty (行政處罰通知書) issued by China Securities Regulatory Commission;

LETTER FROM THE BOARD

- (b) BDO had already commenced the rectification and will cease to accept new securities business during the rectification period, being the two months from the date of the second administrative penalty; and
- (c) the Company was of the view that since BDO has ceased to accept new securities business and there was uncertainty on whether the rectification can satisfy the relevant authorities, the Company decided to withdraw the resolutions to appoint BDO as the auditors of the Company for year 2017 and as the auditors for the internal control of the Company for year 2017 from voting at the annual general meeting of the Company.

In the announcement of the Company dated 18 August 2017, it was disclosed, among other things, that:

- (a) the Company understood that BDO is permitted to re-assume new securities business from 10 August 2017; and
- (b) since BDO has re-assumed new securities business, the Board proposed to re-appoint BDO as the Company's auditors and internal auditors for year 2017, the relevant resolution of which has been passed at the third meeting of the Board held on 18 August 2017 and is subject to the consideration and approval at the extraordinary general meeting of 2017.

Accordingly, separate resolution on re-appointing BDO as the auditors of the Company for year 2017 and as the auditors for the internal control of the Company for year 2017 respectively will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve.

4. CLOSURE OF REGISTER OF MEMBERS FOR HOLDERS OF H SHARES

The register of members of the Company will be closed from Wednesday, 22 November 2017 to Friday, 22 December 2017 (both days inclusive) for the purpose of determining the entitlements of the Shareholders to attend the EGM, during which no transfer of H Shares will be effected. In order to qualify to attend the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's H Share Registrar, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:00 p.m. on Tuesday, 21 November 2017.

5. EGM

The EGM will be held at the conference room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC on Friday, 22 December 2017 at 10:00 a.m. The notice convening the EGM is set out on pages 7 to 10 of this circular.

Whether or not you intend to attend the EGM, please complete the form of proxy despatched together with the aforementioned notice in accordance with the instructions printed thereon and return the form of proxy to the office of the Company's H Share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) as soon as

LETTER FROM THE BOARD

possible and in any event not less than 24 hours before the time appointed for the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

All resolutions will be passed by way of poll.

6. RECOMMENDATIONS

The Directors consider that each of the resolutions on (i) the addition of new entities which may use part of the Placing Proceeds for the Grand Southern TCM Platform Establishment and (ii) the re-appointments of BDO as auditors is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all the proposed resolutions.

Yours faithfully,
The Board of

Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

NOTICE OF THE EGM



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 FIRST EXTRAORDINARY GENERAL MEETING IN 2017

IMPORTANT NOTICE

- Date and time of the first extraordinary general meeting in 2017 (the “EGM”) to be held on-site: 22 December 2017 (Friday) at 10:00 a.m.
- Registration date of the EGM: 21 November 2017 (Tuesday)
- Place of the EGM: 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 voting at the EGM: the manner of voting in the EGM will be both on-site and by way of network voting (applicable to A shares)

I. INFORMATION REGARDING THE CONVENING OF THE EGM

1. The resolution on convening the EGM was considered and passed at the 4th meeting of the seventh session of the board of directors of the Company (the “Board”).
2. Date and time of the EGM: 22 December 2017 (Friday) at 10:00 a.m..
3. Place at which the EGM 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 voting for the EGM 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):

The Company shall utilize a network voting system of The Shanghai Stock Exchange. The time for casting votes via the voting platform of the trading system is the trading sessions on the date on which the EGM will be held (22 December 2017) 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 9:15 to 15:00 on the date on which the EGM will be held.

NOTICE OF THE EGM

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, among others, the relevant provisions of the Detailed Rules of the Shanghai Stock Exchange for Online Voting at Shareholders' General Meetings of Listed Companies.

8. Solicitation of shareholders' voting rights

Not applicable

II. MATTERS TO BE CONSIDERED AT THE EGM

To be considered by way of ordinary resolutions:

1. resolution on the re-appointment of BDO China Shu Lun Pan Certified Public Accountants LLP as the auditors of the Company for year 2017;
2. 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 2017;
3. resolution on the addition of new entities which may use part of the Placing Proceeds.

The above resolutions were approved at the 3rd meeting of the seventh session of the Board held on 18 August 2017, the 4th meeting of the seventh session of the Board and the 4th meeting of the seventh session of the supervisory committee of the Company held on 20 October 2017.

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

1. Holders of domestic shares (A shares) and overseas listed foreign shares (H shares) whose names appear on the register of members of the Company after the end of the trading hours on 21 November 2017 (Tuesday) (including those holders of H shares who have submitted verified application documents for the transfer of shares on or before 21 November 2017 (Tuesday)) are entitled to attend the EGM. The register of members of the Company will be closed from 22 November 2017 (Wednesday) to 22 December 2017 (Friday) (both days inclusive) during which no transfer of H shares will be effected. In order to determine who are entitled to attend the EGM, 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, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for share transfer registration no later than 4:00 p.m. on 21 November 2017 (Tuesday).

NOTICE OF THE EGM

2. Any shareholder entitled to attend and vote at the EGM 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 address of the Company's office (for holders of A shares) or the office address of the Company's H share Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H shares) no less than 24 hours before the time appointed for the holding of the EGM or any adjournment thereof.
3. Shareholders who intend to attend the EGM 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 1 December 2017 (Friday).
4. The directors, supervisors and senior management of the Company.
5. The lawyers of the Company.

IV. REGISTRATION FOR THE EGM

A. Methods of registration

To attend the EGM, an individual shareholder should bring along his/her identity card, the 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 should 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.

B. Place and time of registration:

Registration date and time: 09:30 a.m.-11:30 a.m. and 2:00 p.m.- 4:30 p.m. on 1 December 2017 (Friday)

Place of registration: Office of the secretariat to the Board, 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

NOTICE OF THE EGM

- Contact person: Huang Ruimei/Tan Yanli
- Tel: (8620) 6628 1217/6628 1220/6628 1219
- Fax: (8620) 6628 1229
- Email: sec@gybys.com.cn
2. Address of Shanghai Branch Company 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. The EGM is expected to last for a day. Shareholders attending the EGM shall be responsible for their own travelling and accommodation expenses.
4. Reporters attending the EGM shall register before the registration time for the shareholders.

VI. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolutions passed at the 3rd meeting of the seventh session of the Board and the relevant announcement.
2. Resolutions passed at the 4th meeting of the seventh session of the Board and the relevant announcement.
3. Resolutions passed at the 4th meeting of the seventh 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 November 2017

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 and Mr. Wu Changhai as executive directors, and Mr. Chu Xiaoping, Mr. Jiang Wenqi, Mr. Wong Hin Wing and Ms. Wang Weihong as independent non-executive directors.