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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
AND
(2) PROPOSED DISTRIBUTION OF SPECIAL DIVIDEND
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 11 November 2016 at 10:00 a.m. or any adjournment thereof is set out on pages 7 to 11 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 them 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 to do so.

23 September 2016

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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
“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 Hong Kong Stock Exchange and the Shanghai Stock Exchange respectively
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company proposed to be held on 11 November 2016 at 10:00 a.m. for the Shareholders to consider and, if thought fit, approve the Proposed Amendments and the Special Dividend, including any adjournment thereof
“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 Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Amendments”	the proposed amendments to the Articles of Association as described in the section headed “2. Proposed Amendments to the Articles of Association” in this circular
“Proposed Placing”	the non-public issue and placing of new A Shares as described in more detail in the circulars of the Company dated 26 February 2015 and 16 February 2016
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“Share(s)”	A Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of the A Shares and/or H Shares
“Special Dividend”	the special dividend of RMB3 (inclusive of the relevant taxes) in cash for every 10 Shares held as recommended by the Board
“%”	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

23 September 2016

To the Shareholders

Dear Sir or Madam

**(1) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
(2) PROPOSED DISTRIBUTION OF SPECIAL DIVIDEND
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 for (i) the Proposed Amendments; and (ii) the proposed distribution of the Special Dividend and to give you the notice of the EGM.

LETTER FROM THE BOARD

2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

(a) Details of the Proposed Amendments

Reference is made to the announcement of the Company dated 29 August 2016. At the EGM, a special resolution will be proposed to the Shareholders to amend the Articles of Association as follows:

1. Article 21 will be amended by inserting the following at its end:

“As approved by China Securities Regulatory Commission, the Company issued 334,711,699 domestic shares pursuant to a non-public issue of domestic shares of the Company. After the completion of such issuance, the total number of shares of the Company is 1,625,790,949. The shareholding structure of the Company is as follows:

- (1) 732,305,103 shares (State shares), representing 45.04% of the total number of shares of the Company, are held by Guangzhou Pharmaceutical Holdings Limited, the promoter;
 - (2) 219,900,000 shares (foreign shares), representing 13.53% of the total number of shares of the Company, are held by overseas investors;
 - (3) 673,585,846 shares (domestic shares), representing 41.43% of the total number of shares of the Company, are held by domestic investors.”
2. Article 24 will be amended by deleting the registered capital of the Company (i.e. RMB1,291,079,250) as currently contained thereunder and replacing it with the registered capital of the Company immediately after the completion of the Proposed Placing (i.e. RMB1,625,790,949).

(b) Shareholders' approval

The Proposed Amendments are subject to the approval by the Shareholders by way of special resolution at the EGM. A resolution will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the Proposed Amendments.

(c) Reasons for the Proposed Amendments

The Company has completed the issue of an aggregate of 334,711,699 A Shares under the Proposed Placing, as described in more detail in the announcement of the Company dated 18 August 2016 and the relevant supplemental announcement of the Company dated 22 August 2016. After the completion of the Proposed Placing, the total number of Shares in issue, the shareholding structure and the registered capital of the Company have changed. The Proposed Amendments are necessary to reflect such changes in the Articles of Association and are therefore in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

3. PROPOSED DISTRIBUTION OF SPECIAL DIVIDEND

Reference is made to the announcement of the Company dated 29 August 2016 in relation to the proposed distribution of the Special Dividend of RMB3 (inclusive of the relevant taxes) in cash for every 10 Shares held.

The proposed distribution of the Special Dividend is subject to the approval by the Shareholders by way of ordinary resolution at the EGM. A resolution will be proposed at the EGM for the Shareholders to consider and, if thought fit, approve the proposed distribution of the Special Dividend.

In the section headed “3.7 Plan for profit distribution and increase in share capital from capital reserve in the Reporting Period” of the results announcement of the Company dated 17 August 2016 for the six months ended 30 June 2016, it was disclosed that in order to avoid the impact of distribution of dividend on the progress of the Proposed Placing, the Board proposed: (1) not to distribute dividend for year 2015 or carrying over reserved funds to equity shares; and (2) after completion of the Proposed Placing, the Company will consider a special dividend.

The Proposed Placing has since been completed, and the Board considers that it is appropriate to distribute a special dividend. The Board considers that the proposed distribution of the Special Dividend is in the interests of the Company and the Shareholders as a whole.

If the proposed resolution on the Special Dividend is duly passed at the EGM, the Company will issue further announcement(s) regarding, among other things, the record date for the entitlement of the Shareholders to the Special Dividend.

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

The register of members of the Company will be closed from 12 October 2016 to 11 November 2016 (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 for the attendance at 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 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on 11 October 2016.

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 11 November 2016 at 10:00 a.m. The notice convening the EGM is set out on pages 7 to 11 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 them 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

LETTER FROM THE BOARD

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 to do so.

All resolutions will be passed by way of poll.

6. RECOMMENDATIONS

The Board considers that both the Proposed Amendments and the proposed distribution of the Special Dividend 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 EGM.

7. 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**

NOTICE OF 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 SECOND EXTRAORDINARY GENERAL MEETING IN 2016

IMPORTANT NOTICE

- Date and time of the second extraordinary general meeting in 2016 (the “**EGM**”) of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “**Company**”) on-site: 11 November 2016 (Friday) at 10:00 a.m.
- The registration date of the EGM: 11 October 2016 (Tuesday)
- Place of the EGM: Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the People’s Republic of China (the “**PRC**”)
- Manner of holding the EGM: the EGM will be held both on-site and by way of network voting (applicable to A shares)

I. INFORMATION REGARDING THE CONVENING OF THE EGM

1. The resolution to convene the EGM was considered and passed at the 26th meeting of the sixth session of the board of directors of the Company (the “**Board**”).
2. Date and time of the EGM: 11 November 2016 (Friday) at 10:00 a.m.
3. Place of the EGM: Conference Room of the Company, 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the PRC.
4. The convener of the EGM: the Board.
5. Manner of voting: the manner of voting in 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):

NOTICE OF EGM

The Company shall offer a network voting system on the Shanghai Stock Exchange (the “SSE”). The times for casting votes via the network voting platform are the trading sessions on the date on which the EGM is held (11 November 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 is 9:15 to 15:00 on the date on which the EGM is held.

7. Voting procedures for securities margin trading, refinancing, the business of the repurchase agreement accounts and the investors of SH Equities:

The voting procedures for the relevant accounts of securities margin trading, refinancing, the business of the repurchase agreement accounts and the investors of SH Equities should satisfy the requirements of “The Implementation Rules for the Online Voting in the General Meeting for Listed Companies on the Shanghai Stock Exchange” (《上海證券交易所上市公司股東大會網絡投票實施細則》).

8. For the network voting procedures of the EGM, please refer to the announcements and other relevant files of the second extraordinary general meeting in 2016 which is disclosed on the website of the SSE (<http://www.sse.com.cn>).

II. MATTERS TO BE CONSIDERED AT THE EGM

1. To be approved by way of a special resolution:

Resolution on the amendments to the articles of association of the Company.

The above resolution was approved at the 26th meeting of the sixth session of the Board held on 29 August 2016.

2. To be approved by way of an ordinary resolution:

Resolution on the distribution of special dividend of the Company.

The above resolution was approved at the 26th meeting of the sixth session of the Board held on 29 August 2016.

NOTICE OF EGM

III. ATTENDEES OF THE EGM

1. Holders of domestic shares (A shares) and overseas listed foreign capital shares (H shares) whose names appear on the register of members of the Company at the close of business in the afternoon on 11 October 2016 (Tuesday) (including those holders of H shares who have already submitted documents of shareholding transfer applications on or before 11 October 2016 (Tuesday)) are entitled to attend the EGM. The register of members of the Company will be closed from 12 October 2016 (Wednesday) to 11 November 2016 (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, for share transfer registration no later than 4:30 p.m. on 11 October 2016 (Tuesday).
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 EGM 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 or other documents of authorization (if any) must be delivered to the Company's office address 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 21 October 2016 (Friday).
4. The directors, supervisors and senior management of the Company.
5. Agency representatives, lawyers and voting scrutineer and other relevant persons appointed by the Company.

IV. REGISTRATION FOR THE EGM

A. *Methods of registration*

On-site 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 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.

NOTICE OF EGM

B. Place and time of registration

Registration date and time: 9:30 a.m.-11:30 a.m. and 1:00 p.m.-3:00 p.m. on 21 October 2016 (Friday)

Place of registration: 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

Contact person: Chen Jing/ Huang Xuezheng

Tel: (8620) 6628 1217/ 6628 1220/ 6628 1219

Fax: (8620) 6628 1229

Email: sec@gybys.com.cn/ chenjing@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, Wanchai, Hong Kong

3. The EGM is expected to last for one day. Shareholders attending the EGM shall be responsible for their own travelling and accommodation expenses.

4. Reporters attending the EGM shall register in advance during the shareholder registration period.

NOTICE OF EGM

VI. DOCUMENTS AVAILABLE FOR INSPECTION

The resolutions and the announcement(s) of the resolutions passed at the 26th meeting of the sixth session of the Board.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 22 September 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.