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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)

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board hereby announces that at its meeting held on the date of this announcement, it has approved the proposed amendments to the Articles of Association.

The proposed amendments to the Articles of Association are subject to Shareholders' approval at AGM.

The Board hereby announces that at its meeting held on the date of this announcement, it has approved the proposed amendments to the Articles of Association, details of which are set out below.

1. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Scope of amendments

Original Article 210 is proposed to be amended as follows:

Article 210

The Company shall distribute dividends on an annual basis. After the Company's general meeting of shareholders has passed a resolution on profit distribution proposal, the Company's Board shall complete the distribution of dividends within two months after the conclusion of the general meeting of shareholders.

Original Article 211 is proposed to be amended as follows:

Article 211

The profit distribution of the Company is made according to the proportion of the shares held by the shareholders, emphasizing on bringing reasonable investment returns to the investors. The profit distribution policy strives to maintain continuity and stability.

(I) The Company's profit distribution policy is as follows:

1. Principle of profit distribution:

The Company implements a stable policy of profit distribution. On making a profit distribution, the Company will comply with the statutory requirement to make the distribution in order and will take into account the provision of reasonable and stable returns on investment to the shareholders and the long-term and sustainable growth of the Company.

2. Method of profit distribution:

The Company may implement profit distribution in the form of cash, bonus shares or a combination of both, or such other forms which are permitted by laws and regulations. For the purpose of profit distribution, distribution in the form of cash dividend shall have priority over dividend in the form of shares. If the Company shall distribute profits in the form of bonus shares, such distribution shall be made subject to the provision of reasonable dividend in the form of cash and maintenance of an appropriate size of share capital, taking into account, among other things, the growth of the Company and dilution of the net asset value per share.

Subject to the satisfaction of the conditions for distribution of cash dividend, the Company shall distribute dividend in cash annually. The Board may, subject to conditions and base on the financial position of the Company, recommend the Company to declare interim dividends.

3. Conditions of profit distribution and minimum dividend proportion:

The Company shall pay dividends and the total amount of cash dividends so paid (including the interim dividend in cash having been distributed) shall not be less than 10% of the net profit attributable to shareholders of the Company for the year and the accumulated profits distributed in cash in the last three years shall not be less than 30% of the average realized annual distributable profits for the last three years, provided that the working capital requirement for the Company's normal production and operation is met and the long-term and sustainable growth of the Company is maintained, and that there is no material investment plan or material cash expense.

No dividend shall be distributed before the Company offsets its losses and makes contributions to the statutory surplus reserve and the statutory public welfare fund.

Material investment plan or material cash expense means the proposed external investment, acquisition or purchase of assets by the Company in the next twelve months with accumulated expenses amounting to or exceeding 10% of the latest audited net assets of the Company.

For distribution of dividends, the Board shall take into account, among other things, features of the industries where the Company operates, stage of development, the Company's own business model, profits level and whether there is significant capital expenditure arrangement in distinguishing the following situations and form different profits distribution proposals in accordance with the provisions of the Articles of Association:

- (1) If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends shall be at least 80% in the profit distribution;
- (2) If the Company is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends shall be at least 40% in the profit distribution;
- (3) If the Company is at the growing stage and has significant capital expenditure arrangement, the proportion of cash dividends shall be at least 20% in the profit distribution.

If it is difficult to distinguish the Company's stage of development but there is significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the rules applied in the previous distribution.

4. In the event of misappropriation of the Company's funds by a Shareholder, the Company can deduct the funds misappropriated from the cash dividends to be allocated to that Shareholder as repayment.

(II) Procedures for decision making on profit distribution by the Company:

The management of the Company shall make reasonable proposals on profit distribution to the Board based on, among other things, the provisions of the Articles of Association, the size of share capital, profits, investment arrangement, capital needs, cash flow and returns to shareholders of Company. The Board shall fully and widely listen to the opinions of the independent directors and minority shareholders with respect to the profit distribution proposal through multiple channels and propose a detailed annual or interim profit distribution plans which are scientific and reasonable. The independent directors shall fully express their independent opinions with respect to such distribution plans.

When a profit distribution plan is being considered by the Board, it shall be approved by the majority of all directors and approved by more than one half of the independent directors who are also required to express their explicit independent opinions. When it is being considered by the supervisory committee, it shall be approved by the majority of all supervisors. The profit distribution plan should only be submitted to the shareholders' meeting for consideration and approval after it has been considered and approved by the Board and the supervisory committee.

Independent directors may solicit opinions of minority shareholders, propose profit distribution plans and directly submit them to the Board for consideration. The performance of the above functions and exercise of the above authorities by independent directors must be approved by more than one half of all the independent directors.

(III) In the event that the Company revises its profit distribution policy in response to the external business environment or its own state of operation, the Company shall first consider the protection of the shareholders' interests, make thorough consideration and state the reasons thereof. The revised profit distribution policy shall not be contrary to the relevant requirements of CSRC and stock exchanges in the PRC and Hong Kong. The proposal for the revision of the profit distribution policy shall first be approved by the independent directors of the Company and they shall express independent opinions, and thereafter shall be proposed to the Board for consideration before being submitted to the general meeting for consideration and approval by a special resolution thereat. When considering the revised proposal with regard to cash distribution policies, the Company should, through network voting and other ways, to provide convenience for minority shareholders in connection with their attendance at the shareholders' meeting, and such proposal shall be approved by more than two thirds of the voting rights held by the shareholders present at the shareholders' meeting.

If the Company records profits for a year but the Board fails to make any proposal for cash profit distribution, the Board shall state the reasons thereof in detail and the planned application and use of such retained funds that would have been otherwise available for distribution in the annual report for the year, and the independent directors shall express independent opinions in such regard and shall be disclosed accordingly.

The proposed amendments to the Articles of Association will come into force after the Shareholders' approval at the general meeting.

Reasons for the proposed amendments to the Articles of Association

Pursuant to the "Regulatory Guidance to the Listed Companies No. 3 — Distribution of Cash Dividends by the Listed Companies"* (《上市公司監管指引第3號——上市公司現金分紅》) issued by the China Securities Regulatory Commission requirement dated 30 November 2013, the amendments to the Articles of Association as described above were made in order to improve the distribution of cash dividends by the listed companies, enhance transparency in cash dividends and to safeguard investors' legitimate interests.

All the Directors (including the independent non-executive Directors) consider that the proposed amendments to the Articles of Association are in the interests of the Company and the Shareholders as a whole.

2. AGM

The proposed amendments to the Articles of Association are subject to Shareholders' approval at AGM. Please refer to the relevant circular and notice of the AGM to be issued by the Company for details.

DEFINITIONS

Unless the context otherwise requires, the following terms have the following meaning when used in this announcement:

“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Company”	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited, a joint stock company with limited liability established in the People's Republic of China, 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
“AGM”	the general meeting in 2013 to be held at the conference room of the Company at 45 Sha Mian North Street, Liwan District, Guangzhou City, Guangdong Province, the People's Republic of China on Thursday, 26 June 2014 at 10:00 a.m.
“Shareholders”	holders of the shares of the Company

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 28 April 2014

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

* For identification purpose only