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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)

**DESPATCH OF CIRCULAR
IN RELATION TO**

- (1) PROPOSED ISSUE AND PLACING OF NEW A SHARES;
(2) CONNECTED TRANSACTION –
PROPOSED SUBSCRIPTION OF NEW A SHARES BY GPHL;
(3) PROPOSED IMPLEMENTATION OF
THE EMPLOYEE STOCK OWNERSHIP SCHEME (2015);
(4) WHITEWASH WAIVER;
(5) GENERAL MANDATE TO ISSUE NEW H SHARES;
(6) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
AND
(7) ELECTION OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

Reference is made to the announcement of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “**Company**”) dated 12 January 2015 (the “**Announcement**”), the announcement of the Company dated 2 February 2015 and the notice of the first extraordinary general meeting of the Company in 2015 dated 19 January 2015 with respect to, among other things, the Proposed Placing and the Whitewash Waiver. Unless otherwise stated, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcement.

The circular of the Company (the “**Circular**”) containing, among other things, (i) further information on the Proposed Placing and the Subscription Agreements and the transactions contemplated thereunder; (ii) further information on the Employee Stock Ownership Scheme (2015) and the Asset Management Agreement and the transactions contemplated thereunder; (iii) further information on the Whitewash Waiver; (iv) further information on the General Mandate; (v) the recommendation of the Independent Board Committee to the Independent Shareholders; and (vi) a letter of advice from Proton Capital, the Independent Financial Adviser, to the Independent Board Committee in respect of the Proposed Placing and the Whitewash Waiver has been despatched to the Shareholders on 26 February 2015.

Shareholders are encouraged to read the Circular carefully, and in particular (without limitation to) the letter of advice from Proton Capital and the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Proposed Placing and the Whitewash Waiver.

The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, PRC 26 February 2015

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.

The Directors jointly and severally accept full responsibility for the accuracy of the information in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any of the statements in this announcement misleading.