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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)

**CONNECTED TRANSACTION  
PARTICIPATION IN THE  
ESTABLISHMENT OF THE GP VENTURE CAPITAL FUND**

**THE INVESTMENT**

On 19 December 2023, the Board approved that GP Fund contributed no more than RMB690 million to participate in the establishment of GP Venture Capital Fund and entered into the Partnership Agreement with GP Capital and the Industrial Investment Special Master Fund. At the same day, GP Fund entered into the Partnership Agreement with GP Capital and the Industrial Investment Special Master Fund.

**IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, GPHL, the controlling shareholder of the Company, holds an 80% interest in GP Capital. As such, GP Capital is an associate of a connected person of the Company under the Hong Kong Listing Rules. Therefore, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest of all applicable percentage ratios in respect of the transaction contemplated under the Fund Partnership Agreement is more than 0.1% but is less than 5%, the transaction contemplated under the Partnership Agreement is exempt from the independent shareholders' approval requirement, but is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules.

## INTRODUCTION

On 19 December 2023, the board of directors (the “**Board**”) of Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited (the “**Company**”) approved that Guangzhou GP Fund Equity Investment Partnership (Limited Partnership)\* (廣州廣藥基金股權投資合夥企業(有限合夥)) (“**GP Fund**”) contributed no more than RMB690 million to participate in the establishment of Guangzhou GP Industrial Investment Biomedical Venture Capital Fund (Limited Partnership)\* (廣州廣藥產投生物醫藥創業投資基金(有限合夥)) (the “**Partnership**”, “**GP Venture Capital Fund**” or “**Fund**”) (the “**Investment**”) and entered into the Partnership Agreement of Guangzhou GP Industrial Investment Biomedical Venture Capital Fund (Limited Partnership) (the “**Partnership Agreement**”) with Guangzhou GP Capital Private Equity Fund Management Co., Ltd.\* (廣州廣藥資本私募基金管理有限公司) (“**GP Capital**”) and Guangzhou Industrial Investment Biomedical and Health Special Master Fund Partnership Enterprise (Limited Partnership)\* (廣州產投生物醫藥與健康專項母基金合夥企業(有限合夥)) (“**Industrial Investment Special Master Fund**”). At the same day, GP Fund entered into the Partnership Agreement with GP Capital and the Industrial Investment Special Master Fund.

The connected transaction regarding the capital contribution of RMB999 million by the Company as the principal investor to participate in the establishment of GP Fund (the “**GP Fund Connected Transaction**”) was considered and approved at the 19th meeting of the eighth session of the Board convened by the Company. For details, please refer to the announcement dated 18 March 2022. The funds of the Investment are funds from the GP Fund Connected Transaction.

GP Venture Capital Fund is proposed to be registered in Guangzhou, the PRC and engaged in equity investment, investment management, asset management, venture capital and other activities with the equity investment in the field of biomedical health as its main focus.

## MAJOR TERMS OF THE PARTNERSHIP AGREEMENT

- Parties:
1. GP Capital (as the Fund’s general partner and fund manager)
  2. GP Fund (as limited partner of the Fund)
  3. Industrial Investment Special Master Fund (as limited partner of the Fund)

As at the date of this announcement, Guangzhou Pharmaceutical Holdings Limited (“**GPHL**”), the controlling shareholder of the Company, holds an 80% interest in GP Capital. As such, GP Capital is an associate of a connected person of the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

\* For identification purposes only

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Industrial Investment Special Master Fund and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Fund Name: Guangzhou GP Industrial Investment Biomedical Venture Capital Fund (Limited Partnership) (tentative title subject to the final approval of industrial and commercial registration authorities)

Fund Size: The total size not exceeding RMB1,000 million.

The subscribed capital of each of GP Fund, GP Capital and Industrial Investment Special Master Fund is as follows:

No.	Name of Partner	Nature of Partner	Subscribed Capital Contribution (RMB in ten thousand)	Subscription Ratio	Form of Capital Contribution	Completion Date of Capital Contribution
1	GP Capital	as general partner	1,000.00	1.00%	Cash	31 December 2032
2	GP Fund	as limited partner	69,000.00	69.00%	Cash	31 December 2032
3	Industrial Investment Special Master Fund	as limited partner	30,000.00	30.00%	Cash	31 December 2032
<b>Total</b>			<b><u>100,000.00</u></b>	<b><u>100.00%</u></b>	-	

Contributions by GP Fund, GP Capital and Industrial Investment Special Master Fund, as on par with their respective subscribed portions, are payable in 3 instalments in the proportion of 40%, 30% and 30%, respectively. The capital commitment of each of GP Fund, GP Capital and Industrial Investment Special Master Fund was determined after arm's length negotiations between the parties based on normal commercial terms and with reference to their respective interests in the Fund.

Organizational Form of the Fund: Limited partnership

Duration of the Fund: The duration of the Fund shall be 9 years. The first 5 years commencing from the date of the establishment of the Fund shall be the investment period, and the remaining duration of the Fund after the expiration of the investment period shall be the exit period. The duration of the Fund may be extended by up to 1 year with the consent of all partners.

- Fund Investment:** The Fund mainly invests in medical and health projects such as medicines, medical devices, medical services, etc. with core technologies and good growth potential. The proportion of investment in the aforementioned projects shall not be lower than 70.00% of the total paid-in capital contribution of the Fund, and the investment in any single project shall not exceed RMB200 million.
- Management Fee of the Fund:**
1. During the investment period of the Fund, the management fee shall be charged at 1.00% of the total paid-in capital contribution per annum;
  2. During the exit period of the Fund, the management fee shall be charged at 1.00% of the unrecovered investment costs per annum; and
  3. No management fee shall be charged during the extension period and liquidation period of the Fund.
- Profit Distribution:** The Fund shall distribute distributable income in the following priority:
1. Distribution shall be made to all partners in accordance with their respective paid-in capital contribution proportion until such distributed amount reaches their respective paid-in capital contribution in the Partnership;
  2. Any remaining amount after distribution made pursuant to aforementioned in (1), shall be distributed as threshold returns until the annualized return of the paid-in capital of all partners has reached 7.00% per annum at the compound rate;
  3. Should there be any remaining distributable income after distribution made pursuant to aforementioned in (1) and (2), the amount will be regarded as excess earnings. 80% of the excess earnings will be distributed to limited partners pro rata to their respective paid-in capital contribution in the Partnership and the remaining 20% shall be distributed to GP Capital, the general partner.
- Fund Decision-Making:**
1. The investment decision committee shall be comprised of 5 members, of which 1 shall be recommended by GP Capital, 2 shall be recommended by each of GP Fund and Industrial Investment Special Master Fund.
  2. The investment decision committee shall have 1 chairman recommended by GP Capital. The chairman shall be the convenor of the meetings of the investment decision committee and shall be responsible for initiating, convening and presiding over the meetings.

3. Each member of the investment decision committee shall be entitled to 1 vote and 4 or more votes are required for any proposal to be passed.

Fund custody: After the establishment of the Fund, the fund manager should choose a commercial bank with a branch in Nansha District, Guangzhou City to conduct custody.

## **REASONS AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT AND ITS IMPACT ON THE COMPANY**

This investment is in line with the investment direction of GP Fund, which is conducive to diversifying investment risks and improving investment efficiency, and will help the Company to accelerate its transformation and upgrading in the biomedical health industry and achieve rapid development.

This investment utilizes GP Fund's internal funds, which will not affect the Company's normal production and operation activities, nor will it have any significant impact on the Company's current financial conditions, or harm the interests of the Company or its minority shareholders.

## **VIEWS OF THE BOARD**

The Board has resolved to approve the Investment on 19 December 2023. Among the Directors attending the board meeting, connected Directors Mr. Li Chuyuan, Mr. Yang Jun, Ms. Cheng Ning, Ms. Liu Juyan, Mr. Zhang Chunbo and Mr. Wu Changhai were deemed to have material interests in the Investment by virtue of being employed by GPLH and had thus abstained from voting on the relevant resolution(s). The Directors, including the independent non-executive Directors, consider that the Investment is on normal commercial terms in the ordinary course of business of the Company and the terms of the Partnership Agreement are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE COMPANY**

The Company is principally engaged in (1) the research and development, manufacturing and sales of Chinese patent medicine, Western medicine, chemical raw materials, natural medicine, biological medicine and chemical raw materials intermediates; (2) the wholesale, retail and import and export business of Western medicine, Chinese medicine and medical equipment; (3) the research, production and sales of health product; and (4) the health industry investment in medical care, health management, health maintenance and elderly care.

## **INFORMATION OF THE PARTIES TO THE FUND PARTNERSHIP AGREEMENT**

### **GP Capital**

GP Capital is a company established in the PRC with limited liability on 25 January 2022, and 80% is ultimately and beneficially owned by GPHL, a controlling shareholder of the Company. It is principally engaged in sub-fund investments, equity investments, equity related investments and other investments in compliance with applicable laws. As at the date of this announcement, it becomes a connected person of the Company as a result of being a subsidiary of the controlling shareholder of the Company.

### **GP Fund**

GP Fund is a fund the Company participated in the establishment with its own capital of RMB999 million. The Company owns 99.90% of its equity interest and is a subsidiary of the Company. GP Capital is its manager, general partner and executive partner. GP Fund is mainly engaged in equity investment, investment management, asset management and other activities through private equity fund. GP Fund and its sub-funds focus on the equity investment in the field of biomedical health around the Company's strategic planning.

### **Industrial Investment Special Master Fund**

The Industrial Investment Special Master Fund, one of the special master funds under the Guangzhou Industrial Investment Master Fund with investment amount of RMB150 billion initiated by Guangzhou Industrial Investment and Capital Operation Holding Group Co., Ltd, mainly invests in fields of biomedical, modern Chinese medicines, chemical innovative medicines, high-end medical devices, and high-end healthcare industry. The ultimate beneficial owner of the Industrial Investment Special Master Fund is Guangzhou Industrial Investment Holding Group Co., Ltd. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Industrial Investment Special Master Fund and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

## **IMPLICATIONS UNDER THE HONG KONG LISTING RULES**

As at the date of this announcement, GPHL, the controlling shareholder of the Company, holds an 80% interest in GP Capital. As such, GP Capital is an associate of a connected person of the Company under the Hong Kong Listing Rules. Therefore, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

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

Guangzhou, the PRC, 19 December 2023

*As at the date of this announcement, the Board comprises Mr. Li Chuyuan, Mr. Yang Jun, Ms. Cheng Ning, Ms. Liu Juyan, Mr. Zhang Chunbo, Mr. Wu Changhai and Mr. Li Hong as executive directors, and Mr. Chen Yajin, Mr. Huang Min, Mr. Wong Lung Tak Patrick and Ms. Sun Baoqing as independent non-executive directors.*