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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 ENTERED INTO NEW PARTNERSHIP AGREEMENT

NEW PARTNERSHIP AGREEMENT

On 25 December 2023, the Original Partners of WBA GP Fund entered into New Partnership Agreement with Emerging Fund and Industrial Fund Corporation, pursuant to which, the Original Partners agreed to admit Emerging Fund and Industrial Fund Corporation as New Partners of WBA GP Fund and revise the terms of the Partnership Agreement ancillary to the Cooperation Agreement accordingly. The core provisions related to GP Fund's amount and method of contribution to WBA GP Fund remain unchanged under the New Partnership Agreement.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As previously disclosed in the Announcement, the controlling shareholder of the Company, holds 80% interests of 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 under the Cooperation Agreement constitutes a connected transaction of the Company. The Board has approved the Cooperation Agreement and the transaction contemplated thereunder on 2 March 2023 and complied with the relevant reporting and announcement requirements under the Hong Kong Listing Rules.

Pursuant to the Note to Rule 14A.35 of the Hong Kong Listing Rules, if there is any material variation of the terms of a connected transaction, the listed issuer must announce the variation as soon as practicable and re-comply with all other applicable provisions under the Hong Kong Listing Rules. As the New Partnership Agreement constitutes a material variation of the terms of the Partnership Agreement ancillary to the Cooperation Agreement, the New Partnership Agreement is required to comply with the announcement requirement under Rule 14A.35 of the Hong Kong Listing Rules.

As GP Fund's subscribed capital contribution to the WBA GP Fund remain unchanged under the New Partnership Agreement, and the highest of all applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) is more than 0.1% but less than 5%, the transactions contemplated under the New Partnership Agreement are exempt from the independent shareholders' approval requirements, but subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

References is made to the announcement of the Company dated 2 March 2023 in relation to the entering into Cooperation Agreement between GP Fund of the Company, GP Capital, ABMP and WBA Asia Investments (collectively known as “**Original Partners**”), pursuant to which, all parties agreed to establish WBA GP Fund (the “**Announcement**”). Capitalized terms used in this announcement have the same meanings as defined in the Announcement unless the context otherwise requires.

On 25 December 2023, the Original Partners of WBA GP Fund entered into the Partnership Agreement of WBA GP (Guangzhou) Equity Investment Partnership (Limited Partnership) (the “**New Partnership Agreement**”) with Guangzhou Emerging Industry Development Fund Management Co., Ltd*(廣州市新興產業發展基金管理有限公司) (“**Emerging Fund**”) and Guangzhou Industrial Transformation and Upgrading Development Fund Co., Ltd*(廣州市工業轉型升級發展基金有限公司) (“**Industrial Fund Corporation**”, together with Emerging Fund, collectively known as **New Partners**”), pursuant to which, the Original Partners agreed to admit Emerging Fund and Industrial Fund Corporation as New Partners of WBA GP Fund and revise the terms of the Partnership Agreement attached to the Cooperation Agreement accordingly.

MAJOR TERMS OF THE PARTNERSHIP AGREEMENT

The major terms of the Partnership Agreement are set out as follows:

- Parties:
1. GP Capital (as the Fund’s general partner, executive partner and fund manager)
 2. WBA Asia Investments Limited (as limited partner and overseas LP of the Fund)
 3. GP Fund (as limited partner of the Fund)

Fund Name: WBA GP (Guangzhou) Equity Investment Partnership (Limited Partnership)

Fund Size: RMB674.75 million

** For identification purposes only*

The subscribed capital contribution of each partner is as follows:

No.	Name of Partner	Nature of Partner	Subscribed Capital Contribution (RMB in ten thousand)	Form of Capital Contribution
1	GP Capital	as general partner	675.00	Cash
2	GP Fund	as limited partner	33,400.00	Cash
3	WBA Asia Investments Limited	as limited partner	33,400.00	Cash
Total			67,475.00	-

Organizational
Form of the Fund:

Limited partnership

Investment Method
of the Fund:

Investing directly or indirectly through the share of a dedicated private equity investment fund or indirectly investing in equity in an unlisted company by special purpose vehicle, purchasing shares of a listed company through block trade or transfer under agreement, making investments in preferred shares convertible to ordinary shares and convertible debt, subscribing to private issuance and placement of shares of listed companies, and other investments that comply with laws and regulations.

Distribution Order
of the Distributable
Funds:

The distributable funds of the Fund shall be distributed in the following order:

- (1) Capital contribution and repayment: 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 Fund;
- (2) Preferred return: Threshold return is distributed to each partner until all partners achieve an annualized threshold rate of return of 7% at simple interest rate calculated based on their paid-in capital contribution and investment period;
- (3) Catch-up distribution: If there is any balance, each of the general partner and WBA Asia Investments shall be entitled to an amount calculated in accordance with the following formula: the aggregate amount of preferred

return of (2) above /0.8 * 0.1 cumulatively received by all limited partners.

Investment
Decision
Committee:

- (1) All partners unanimously agree and authorize the fund manager to establish an investment decision committee to make decisions on investment-related matters such as the investment decision or investment exit of the Partnership, and the investment decision committee is the final decision-making body for deciding matters related to the investment of the Fund.
- (2) The investment decision committee shall consist of members appointed by the initial partners and members (if any) appointed by the subsequent fundraising partner, with one (1) member appointed by each of the initial partners. The investment decision committee shall have one (1) chairman, who shall be appointed by the member recommended by GP Capital.
- (3) In any of the following circumstances, the qualification of member in the investment decision committee shall be revoked and the original recommending party shall re-nominate the candidate: (1) the member is no longer suitable to serve as a member due to position change during the term of office, (2) the member seriously neglects duties or violates the provisions of the applicable law during the term of office, (3) the member receives the notice of the meeting, does not participate in the meeting in a compliant manner, nor entrust other personnel to attend the meeting, nor notify the chairman of the investment decision committee in writing, mail or telephone in advance, with accumulation more than three (3) times, and (4) other circumstances in which personnel is not suitable to serve as a member.
- (4) Each partner may at any time change the candidate of its appointed members in the investment decision committee, provided that the partnership and the fund manager are notified in writing in a timely manner. The limited partner's proposal to the fund manager for candidate to the investment decision committee is not considered to be the execution of the partnership. If a member withdraws from the committee, the recommender shall notify the partner and the fund manager in writing and propose a new candidate within seven (7) days of the occurrence of such circumstances to make up the number of members.

Liquidation and
Distribution:

At the time of liquidation of the Fund, any income realized from any investment and other fund assets, any assets distributed in physical form and other assets that can be distributed to the partners shall be distributed among the partners in accordance with the allocation order of distributable funds.

Partnership Agreement as ancillary to the Cooperation Agreement. Please refer to the Announcement of the Company for primary terms of the Cooperation Agreement.

NEW PARTNERSHIP AGREEMENT

The material amendments to the terms of the Partnership Agreement in the New Partnership Agreement are as follow:

- Parties:
1. GP Capital (as the Fund's general partner, executive partner and fund manager)
 2. WBA Asia Investments Limited (as limited partner and overseas LP of the Fund)
 3. GP Fund (as limited partner of the Fund)
 4. Emerging Fund (as limited partner of the Fund)
 5. Industrial Fund Corporation (as limited partner of the Fund)

Fund Size: RMB900.00 million

The subscribed capital contribution of each partner is as follows:

No.	Name of Partner	Nature of Partner	Subscribed Capital Contribution (RMB in ten thousand)	Form of Capital Contribution
1	GP Capital	as general partner	900.00	Cash
2	GP Fund	as limited partner	33,400.00	Cash
3	WBA Asia Investments Limited	as limited partner	33,400.00	Cash
4	Emerging Fund	as limited partner	18,000.00	Cash
5	Industrial Fund Corporation	as limited partner	4,300.00	Cash
	Total		90,000.00	—

Organizational form of the Fund: Limited partnership

Investment Method of the Fund: Direct investment or indirect investment in the equity of non-listed companies through special purpose vehicle (only for special purpose vehicle which are set up for a single investment project).

Reinvestment
Requirements
(new provision):

In principle, the amount of the Fund invested in the enterprises in the administrative area of Guangzhou shall not be less than 1.5 times of the sum of the investment amount of the Emerging Fund and the Industrial Fund Corporation. Enterprises to be invested in the administrative area of Guangzhou shall be of the following types:

- (1) An enterprise domiciled in Guangzhou;
- (2) An enterprise who register or relocate its place of registration to Guangzhou or have its substantial subsidiaries primarily engaging in production and operation or main product research and development register or relocate place of registration to Guangzhou during the duration of the Fund after being invested and have been admitted to the statistical declaration of large-scale enterprises in Guangzhou. In case of a newly established or relocated subsidiary, the reinvestment amount shall be the lower of either its paid-in capital or the amount invested in the enterprise. In case of the parent company who relocated to Guangzhou, the reinvestment amount shall be calculated at 2 times of the investment amount;
- (3) An enterprise who has been acquired by another enterprise domiciled in Guangzhou and has been admitted to the statistical declaration of large-scale enterprises in Guangzhou.

Investment Ratio
(new provision):

The accumulative investment amount of the Fund for a single enterprise shall not exceed 20% of the Fund size.

Distribution Order
of the Distributable
Funds:

The distributable funds of the Fund shall be distributed in the following order:

- (1) Capital contribution and repayment: 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 Fund;
- (2) Preferred return: Threshold return is distributed to each partner until all partners achieve an annualized threshold rate of return of 7% at simple interest rate calculated based on their paid-in capital contribution and investment period;
- (3) Catch-up distribution and excess profit: If there is any balance after the distribution above, each partner shall be distributed in accordance with the following formula;
 - ① Each partner shall calculate the remaining distributable amount entitled to it in proportion to its paid-in capital contribution;

② Of the remaining distributable amount entitled to Emerging Fund and Industrial Fund Corporation calculated pursuant to ①, 80% shall be distributed to Emerging Fund and Industrial Fund Corporation, and the remaining 20% shall be distributed between the general partner and the overseas LP in the ratio of 1:1;

③ Of the remaining distributable amount entitled to the general partner, GP Fund and overseas LP calculated pursuant to ①, catch-up distribution shall be made to the general partner and overseas LP until the cumulative amount of distribution received by the general partner and overseas LP reaches the aggregate amount of preferred return of (2) above $/0.8 * 0.1$ cumulatively received by GP Fund and overseas LP, and the balance shall be distributed to the general partner, GP Fund and overseas LP according to the ratio of 1:4:5.

Investment
Decision
Committee:

(1) The investment decision committee is composed of four members, of which, 1 appointed by GP Capital, 1 appointed by GP Fund as the limited partner, 1 appointed by overseas LP as the limited partner, and 1 appointed by Emerging Fund which has the right as the limited partner. The investment decision committee shall have one chairman, who is a member recommended by GP Capital.

(2) On a poll, each person of the investment decision committee shall be entitled to one vote and can opt for abstention. Decision-making matters shall be approved by a simple majority of all committee members.

(3) The investment plan shall be submitted to the Emerging Fund for compliance review seven (7) days before submission to the investment decision committee for voting. The Emerging Fund shall, within seven (7) days after receiving the investment plan, review the compliance requirements and submit written comments. The investment plan rejected by the Emerging Fund shall not be put on the agenda of the investment decision committee, be submitted to a vote, or be implemented. If the investment plan which is not rejected by the Emerging Fund in the compliance review process, the member appointed by the Emerging Fund shall vote for the investment plan, except for the situation where there are material differences in the investment plan between which submitted to the investment decision committee and be reviewed in the compliance review.

Withdrawal of
Emerging Fund
(new provision):

The formula for determining the transfer price of the interests of the Emerging Fund upon withdrawing from the Fund are as follows:

(1) If Emerging Fund's holding period of its paid-in capital contribution in the Fund is within 3 years (including 3 years), the transfer price shall be

determined by reference to its original investment amount in the Fund;

- (2) If Emerging Fund's holding period of its paid-in capital contribution in the Fund is more than 3 years but is less than 5 years (including 5 years) and the annualised investment return, and calculated based on cumulative dividends entitled to Emerging Fund is higher than the benchmark income of savings treasury bonds in the same period during which the Partnership Agreement was entered into, the transfer price shall be determined with reference to the original investment amount of the Emerging Fund. Where the annualised investment calculated based on cumulative dividends entitled to Emerging Fund is lower than the benchmark income of savings treasury bonds for the same period during which the New Partnership Agreement was entered into, the transfer price shall not be lower than the sum of the amount of original investment and difference between benchmark income of the savings treasury bonds and the accumulated dividend;
- (3) The transfer price shall be determined with reference to its market price according to the principles of public finance and the operation requirements of the Emerging Fund if its holding period of the paid-in capital contribution is more than five years.

Liquidation and
Distribution:

At the time of fund liquidation, the income from any investment project and other fund assets and any assets distributed in physical form and other assets that can be distributed to the partners, shall be distributed among the partners according to the order of distribution of the distributable funds; and in the allocation of capital contribution, priority shall be given to the Emerging Fund and Industrial Fund Corporation until they recover all the original investment, and then the distribution shall be made to other partners in proportion to their paid-in capital contribution.

Save as disclosed above, all other terms of the Partnership Agreement remain unchanged in all material respects.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW PARTNERSHIP AGREEMENT

The addition of limited partners and the expansion of the scale of the WBA GP Fund are the subsequent fundraising of the fund manager within the scope of its authorization to apply for the government-guided fund, and there is no harm to the interests of the fund and the Original Partners. At the same time, the amount and method of contribution from the GP Fund established by the Company to WBA GP Fund remain unchanged, which will not adversely affect the financial and operating conditions of the Company, nor will it harm the interests of the Company or its minority shareholders. The purpose of GP Fund's contribution to the establishment of the WBA GP Fund is to accelerate the pace of the Company's foreign investment, to discover and cultivate high-quality projects with market competitiveness, and the expansion of the fund scale will help to achieve the above objectives.

VIEWS OF THE BOARD

The Board has resolved to approve the GP Fund's subscription of limited partnership shares of WBA GP Fund and the authorization of GP Capital as fund manager for subsequent fundraising, including entering into New Partnership Agreement on 2 March 2023. Among the Directors who attended 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 transaction by virtue of being employed by GPL and had thus abstained from voting on the relevant resolution.

The Directors, including the independent non-executive Directors, consider that the transaction is on normal commercial terms in the ordinary course of business of the Company and the terms of the New Partnership Agreement are fair and reasonable, and in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE NEW PARTNERS

Emerging Fund

Emerging Fund is a limited liability company established in the PRC on 6 March 2017, and its ultimate beneficial owner is the State-owned Assets and Administration Commission of Guangzhou Municipal Government (“**Guangzhou SASAC**”). Emerging Fund is mainly engaged in equity investment, entrusted management of equity investment fund, equity investment management, investment consulting service, and investment management service. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Emerging Fund and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Industrial Fund Corporation

Industrial Fund Corporation is a limited liability company established in the PRC on 9 December 2015, and its ultimate beneficial owner is Guangzhou SASAC. Industrial Fund Corporation is mainly engaged in entrusted management of equity investment fund, equity investment management, equity investment, investment consulting service, and investment management service. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Industrial Fund Corporation and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

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The Board of
Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited

Guangzhou, the PRC, 26 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.