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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 ENTERING INTO NEW PARTNERSHIP AGREEMENT

NEW PARTNERSHIP AGREEMENT

On 2 August 2024, the Original Partners of GP Venture Capital Fund entered into the New Partnership Agreement with State-owned Enterprise Innovation Fund, pursuant to which, the Original Partners agreed to introduce State-owned Enterprise Innovation Fund as the New Partner of GP Venture Capital Fund and revise the Partnership Agreement accordingly. Under the New Partnership Agreement, the amount of contribution from GP Fund to GP Venture Capital Fund will be reduced from RMB690 million to RMB390 million, and the subscription ratio will be reduced from 69.00% to 39.00%. Other than that, other core provisions of the New Partnership Agreement relating to GP Fund remain unchanged.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As disclosed in the Announcement, GPHL, the controlling shareholder of the Company, holds 80% interests of GP Capital. As such, GP Capital is an associate of GPHL and a connected person of the Company under the Hong Kong Listing Rules. Therefore, the transaction under the Partnership Agreement constitutes a connected transaction of the Company. The Board has approved the Partnership Agreement and the transaction contemplated thereunder on 19 December 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, the New Partnership Agreement is required to comply with the announcement requirement under Rule 14A.35 of the Hong Kong Listing Rules.

As the highest of all applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the transaction contemplated under the New Partnership Agreement is more than 0.1% but less than 5%, the transaction contemplated under the New Partnership Agreement is exempt from the independent shareholders' approval requirements, but subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

Reference is made to the announcement of the Company dated 19 December 2023 in relation to the entering into Partnership Agreement among GP Fund, GP Capital and Industrial Investment Special Master Fund (collectively known as “**Original Partners**”), pursuant to which, the parties agreed to establish GP Venture Capital Fund (the “**Announcement**”). Capitalized terms used in this announcement have the same meanings as defined in the Announcement unless otherwise defined or the context otherwise requires.

As at the date of this announcement, the GP Venture Capital Fund has not yet been established and the Original Partners have not yet made paid-in capital contributions.

On 2 August 2024, the Original Partners of GP Venture Capital Fund entered into the Partnership Agreement of Guangzhou GP Industrial Investment Biomedical Venture Capital Fund (Limited Partnership) (the “**New Partnership Agreement**”) with Guangzhou State-owned Enterprise Innovation Fund Co., Ltd* (廣州國企創新基金有限公司) (the “**State-owned Enterprise Innovation Fund**”, or the “**New Partner**”), pursuant to which, the Original Partners agreed to introduce State-owned Enterprise Innovation Fund as the New Partner of GP Venture Capital Fund and revise the Partnership Agreement accordingly (the “**Variation**”).

PARTNERSHIP AGREEMENT

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

- 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)

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

The subscribed capital contribution of each of the Original Partners is as follows:

No.	Name of Partner	Nature of Partner	Subscribed Capital Contribution <i>(RMB in ten thousand)</i>	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
Total			<u>100,000.00</u>	<u>100.00%</u>	-	-

Payment of Capital Contribution: 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.

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 convener 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.

Please refer to the Announcement of the Company for other primary terms of the Partnership Agreement.

NEW PARTNERSHIP AGREEMENT

The material variations to the terms of the Partnership Agreement in the New Partnership Agreement are as follows:

- 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)
 4. State-owned Enterprise Innovation Fund (as limited partner of the Fund)

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

The subscribed capital of each partner is as follows:

No.	Name of Partner	Nature of Partner	Subscribed Capital Contribution <i>(RMB in ten thousand)</i>	Subscription Ratio	Form of Capital Contribution	Completion Date of Capital Contribution
1	GP Capital	as general partner	1000.00	1.00%	Cash	31 December 2032
2	GP Fund	as limited partner	39,000.00	39.00%	Cash	31 December 2032
3	Industrial Investment Special Master Fund	as limited partner	30,000.00	30.00%	Cash	31 December 2032
4	State-owned Enterprise Innovation Fund	as limited partner	30,000.00	30.00%	Cash	31 December 2032
	Total		100,000.00	100.00%	-	-

Payment of Capital
Contribution:

Contributions to the Partnership, as on par with the partners' respective subscribed portions, are payable in 3 instalments in the proportion of 40%, 30% and 30% of the total subscribed capital contribution, respectively.

Payment of Capital Contribution of State-owned Enterprise Innovation Fund

The capital contribution of State-owned Enterprise Innovation Fund will be calculated based on the proportion of the paid-in capital contributions of other partners, and State-owned Enterprise Innovation Fund has the right to determine the amount of the paid-in capital based on the book balance of State-owned Enterprise Innovation Fund. State-owned Enterprise Innovation Fund will review the capital call after receiving all the payment certificates and the payment notice provided by the GP Capital.

If the book balance of State-owned Enterprise Innovation Fund is sufficient, State-owned Enterprise Innovation Fund shall complete the payment of the current contribution within fifteen (15) working days after receiving the above materials. If the balance in the account of State-owned Enterprise Innovation Fund is insufficient to pay the current contribution, State-owned Enterprise Innovation Fund shall reply within five (5) working days after receiving the above materials, and shall have the right to adjust the contribution plan or reduce the corresponding subscription amount. In this case, the non-performance of State-owned Enterprise Innovation Fund in whole or in part of its contribution obligations shall not be regarded as a breach of contract and shall not bear any responsibility, and other partners may appropriately reduce the current contribution amount.

Reinvestment Requirements
of State-owned Enterprise
Innovation Fund (new
provision):

1. The proportion of the Partnership's investment in the innovation investment of state-owned enterprises of Guangzhou shall not be less than 1.5 times of the amount invested by the State-owned Enterprise Innovation Fund.
2. The following circumstances can be regarded as investment in the field of innovation of municipal state-owned enterprises:
 - (1) The Partnership directly invests in the field of biomedicine and health, and the target enterprise is a municipal state-owned enterprise project registered in Guangzhou;

- (2) The Partnership invests in non-municipal state-owned enterprises and their subsidiaries (including ones registered outside Guangzhou) which are subsequently merged by a municipal state-owned enterprise (including majority-owned companies and those effectively controlled by the municipal state-owned enterprise));
- (3) The Partnership invests in enterprises upstream and downstream of the industrial chain of municipal state-owned enterprises and their subordinate enterprises which would strategically synergize with municipal state-owned enterprises (as evidenced by business contracts) or the enterprise belongs to the important foreign investment enterprises of the municipal state-owned enterprises (such as holding no less than 20% of the shares, dispatching directors in the enterprise, etc.);
- (4) The fund manager invests in projects of municipal state-owned enterprises and their subordinate enterprises (including holding, actual control and joint control) with its own funds or other funds under management at the same period;
- (5) The Partnership invests in projects that can be identified as investment in the field of innovation of state-owned enterprises.

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 convener 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.
4. State-owned Enterprise Innovation Fund has the right to send observers to attend the investment decision committee and issue opinions on the compliance of the proposed investment decision-making projects.

5. After the investment decision committee has adopted an investment resolution, it shall send the relevant project information to State-owned Enterprise Innovation Fund, to apply for the procedures for compliance review of the proposed investment project.
6. State-owned Enterprise Innovation Fund has the right to examine whether the resolution comply with the relevant applicable laws, the Administrative Measures of the Innovation Investment Fund of Guangzhou State-owned Enterprise (《廣州市國企創新投資基金管理辦法》), the terms of the New Partnership Agreement, etc., and has the right to veto relevant resolutions if it considers such resolutions are in violation of laws or regulations, in deviation from the policy guidance, or in breach of terms of the agreements. Resolutions vetoed by State-owned Enterprise Innovation Fund shall not be implemented.

Loss Sharing:

1. The losses of the Partnership up to the amount of paid-in capital shall be shared by all partners in accordance with the proportion to their paid-in capital, while the losses in excess of the total paid-in capital of the Partnership shall be borne by general partner in accordance with the provisions of the law.
2. The limited partners shall be liable for the debts of the Partnership to the extent of their paid-in capital, while general partners have unlimited joint and several liability for the debts of the Partnership.

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.

The fund manager should agree in writing in the custody agreement that: when reviewing investment fund transfer instructions from the Partnership for a certain project, the custodian shall make sure that, in addition to relevant decision papers such as valid investment resolutions, project investment agreements, a compliance review report issued by State-owned Enterprise Innovation Fund should also be enclosed with those instruction letters and only transfer investment funds to projects agreed in the report.

The Withdrawal of State-owned Enterprise Innovation Fund (new provision):

In the event that there is a transferee, the State-owned Enterprise Innovation Fund may withdraw from the Fund as and when it sees fit without the consent of the other partners, and the other partners may right of first refusal to the interests of the State-owned Enterprise Innovation Fund and the transfer price at the time of withdrawal shall be determined in accordance with the law and regulation.

Before the withdrawal of the State-owned Enterprise Innovation Fund, if the Fund has realized profits, the State-owned Enterprise Innovation Fund shall receive corresponding dividends in proportion to its paid-in capital percentage.

In the event of any of the following circumstances, each partner agrees that the State-owned Enterprise Innovation Fund has the right to withdraw or transfer its share of assets to other partners or parties other than a partner, without any liability whatsoever, and that the State-owned Enterprise Innovation Fund has the right to require the dissenting partner to accept the interests of the State-owned Enterprise Innovation Fund at a price not less than the original contribution of the State-owned Enterprise Innovation Fund, if a certain partner do not agree to the withdrawal or transfer:

- (1) The Fund fails to complete all procedures for the establishment, registration and filing of the Fund in accordance with the prescribed procedures and time requirements within one year after the State-owned Enterprise Innovation Fund has confirmed its investment proposal in the Fund (i.e., by 9 May 2025);
- (2) The State-owned Enterprise Innovation Fund has made an initial contribution to the account of the Fund for more than 1 year, and the Fund has not carried out investment business;
- (3) The investment scope and direction of the Partnership do not conform to the objectives of government policies;
- (4) There are material changes to the executive partner, including, but not limited to: changes in the substantial or controlling shareholder or actual controller of the executive partner; Where a key person incident occurs and cannot be eliminated within 6 months from the date of occurrence; or changes in more than half (inclusive) of the core members of the management team;

- (5) The Partnership enters the exit period without distributing dividends for more than one year when there are distributable income or the Partnership has an audited cumulative loss of 30% or more of its total paid-in capital, or the Partnership is not a going concern (including inability to operate properly/failure to fulfill the purpose of the Partnership);
- (6) The Fund manager has acted intentionally or with gross negligence in such a way that the continued operation of the Fund would be or likely to be detrimental to the state-owned interest (subject to the final ruling of the fact of detriment by, for example, a court of law or an arbitration body);
- (7) The Partnership fails to invest in accordance with the New Partnership Agreement;
- (8) Other matters stipulated in applicable laws and the New Partnership Agreement.

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

REASONS AND BENEFITS FOR ENTERING INTO THE NEW PARTNERSHIP AGREEMENT

The addition of a limited partner to the GP Venture Capital Fund is the government-guided fund applied by the Fund manager to expand the source of funds, which will be conducive to lowering the contribution amount of GP Fund and decentralizing investment risk, and there is no harm to the interests of the Fund and the Original Partners. Additionally, the funds utilized by the Company to participate in the establishment of the GP Venture Capital Fund is from the GP Fund's internal funds, which will not affect the Company's normal production and operation activities, nor will it have any adverse impact on the Company's financial and operating conditions, or harm the interests of the Company or its minority shareholders.

VIEWS OF THE BOARD

The New Partnership Agreement has been approved by the Board. The connected Directors, Mr. Yang Jun, Ms. Cheng Ning, Ms. Liu Juyan, Mr. Zhang Chunbo and Mr. Wu Changhai, have abstained from voting on the resolutions of the Board of the Company at the Board meeting approving the New Partnership Agreement. None of the Directors, other than them, has or is deemed to have a material interest in the New Partnership Agreement and is required to abstain from voting on the relevant Board resolutions approving the New Partnership Agreement.

The Directors, including the independent non-executive Directors, consider that the transaction contemplated under the New Partnership Agreement 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

State-owned Enterprise Innovation Fund

State-owned Enterprise Innovation Fund is a limited liability company established in the PRC on 21 February 2019, and its ultimate beneficial owner is Guangzhou Municipal People's Government. State-owned Enterprise Innovation Fund is mainly engaged in venture investment, risk investment, investment with own funds, science and technology information advisory services, equity investment and entrusted management of equity investment funds. As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, State-owned Enterprise Innovation Fund 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, 2 August 2024

As at the date of this announcement, the Board comprises 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.