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廣州白雲山医药集团股份有限公司

**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: 00874)

## **CONNECTED TRANSACTION PARTICIPATION IN THE ESTABLISHMENT OF THE GP FUND II**

### **PARTNERSHIP AGREEMENT**

On 25 July 2025, the Company entered into a partnership agreement with GP Capital, pursuant to which the Company and GP Capital agreed to contribute RMB1,498.50 million and RMB1.50 million, respectively, to establish the GP Fund II. The Company has de facto control over the GP Fund II, and its financial results will be consolidated into the Company's financial statements.

### **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 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 Partnership Agreement is more than 0.1% but less than 5%, the transaction is exempt from the independent shareholders' approval requirement, but is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

## INTRODUCTION

On 25 July 2025, the Company entered into a partnership agreement with GP Capital, pursuant to which the Company and GP Capital agreed to contribute RMB1,498.50 million and RMB1.50 million, respectively, to establish the GP Fund II. The Company has de facto control over the GP Fund II, and its financial results will be consolidated into the Company's financial statements.

## PARTNERSHIP AGREEMENT

The principal terms of the Partnership Agreement, as reviewed and approved by the Board, are summarized below:

- Parties:
1. GP Capital (as the Fund's general partner, executive partner and fund manager)
  2. the Company (as the Fund's limited partner)

Fund Name: Guangzhou GP Fund II Equity Investment Partnership (Limited Partnership) (tentative title subject to the final approval of industrial and commercial registration authorities)

Fund Size: RMB1.50 billion

Details of the capital contributions subscribed by each partner are as follows:

Name of Partner	Nature of Partner	Subscribed Capital Contribution (RMB in ten thousand)	Subscription Ratio	Deadline for Capital Contribution
GP Capital	as general partner	150.00	0.10%	30 May 2035
The Company	as limited partner	149,850.00	99.90%	30 May 2035
<b>Total</b>		<b>150,000.00</b>	<b>100.00%</b>	<b>–</b>

The capital contributions of all partners shall be in cash. The capital contributions were determined through arm's length negotiations among the parties with reference to their respective interests in GP Fund II as well as the investment objectives. The Company will finance its capital contribution by internal resources.

Capital Contribution Arrangement:	Each partner shall make capital contributions in installments on a pro rata basis. The first installment of capital contribution shall be 7.33% of each partner's subscribed capital contribution, totaling RMB110 million, which shall be fully paid by 30 September 2025. Subsequent contributions shall be made by each partner in accordance with the Payment Notice issued by the fund manager based on the investment needs of the Fund, and shall be fully paid by 30 May 2035.
Purpose of the Partnership and Fund Investment Direction:	To engage in equity investments in the biomedical sector, whether directly or indirectly, with the aim of generating investment returns. Centering on the strategic planning of the Company, investments will be made in the biomedical and health sectors such as pharmaceuticals, medical devices, and medical services via sub-fund investments, direct project investments, and other methods.
Business Scope:	Engaging in activities such as equity investment, investment management, and asset management through private equity funds (business operations may only be conducted after completing the filing and registration with the Asset Management Association of China).
Business Term:	The term of existence is thirteen years, including a ten-year investment period and a three-year exit period. Upon proposal by the executive partner and with the unanimous consent of all Partners, the term of the Fund may be extended by two years, with such extension allowed only once.
Management Fee:	<p>The payment standard and accrual basis of the management fee vary according to the operation stage of the Fund. Details are as follows:</p> <ol style="list-style-type: none"> <li>1. During the investment period of the Fund, the annual management fee shall be accrued at 1% of the total paid-in capital contribution;</li> <li>2. During the exit period and extension period of the Fund, the annual management fee shall be accrued at 1% of the unrecovered investment amount;</li> <li>3. No management fee shall be charged during the liquidation period of the Fund.</li> </ol>
Investment Decision Committee:	The Investment Decision Committee consists of three members, who are recommended by Partners and appointed by the executive partner. Among them, GP Capital, the executive partner, recommends one member, and the Company, as a limited partner, recommends two members. The Investment Decision Committee has one chairman, who shall be the member recommended by the executive partner.

Each member of the Investment Decision Committee shall have one vote, and no abstention votes are allowed. A resolution shall be passed only if approved by more than half of all members.

Profit Distribution:

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

1. Distributions shall be made to all partners in proportion to their paid-in capital contributions until each partner has received an amount equal to its total paid-in capital contributions to the Fund.
2. Threshold returns shall be distributed to the partners until each partner has received an annualized return of 6% (simple interest), calculated based on its paid-in capital contribution.
3. Any remaining amount shall be regarded as excess returns. 20% of the excess returns shall be distributed to the fund manager as performance remuneration, and the remaining 80% shall be distributed to the limited partner in proportion to its paid-in capital contribution. The performance remuneration received by the fund manager shall be primarily be used to reward its project team based on their performance with the specific allocation plan to be determined by the fund manager.

Loss Sharing:

The losses of the Partnership shall be borne in the following order:

1. Losses incurred within the total subscribed capital of the Partnership shall be shared by all partners in proportion to their respective subscribed capital contributions, and limited to the amount of their subscribed capital contributions;
2. Losses exceeding the total subscribed capital of the Partnership shall be borne by the general partner.

Execution of Partnership  
Affairs:

All partners of the Partnership unanimously agree that GP Capital, as the general partner, shall act as the executive partner and the fund manager of the Fund.

Liability for Breach of  
Contract:

In the event that a partner breaches the Partnership Agreement, such partner shall assume corresponding liability for breach of contract in accordance with the law or the stipulations of the Partnership Agreement.

## **REASONS AND BENEFITS FOR ENTERING INTO THE PARTNERSHIP AGREEMENT**

The purpose of participating in the establishment of the GP Fund II is to seize the opportunities arising from industry development, accelerate the Company's industrial layout in the biomedical health sector, and strengthen the Company's incubation and investment efforts in the pharmaceutical and healthcare industries. The transaction will enable the Company to identify and nurture project targets that align with its core business development strategy and have certain market competitiveness, thereby enriching the Company's industrial structure and providing a project reserve for its sustainable future development. Meanwhile, it will help the Company to improve its capital operation capabilities and accelerate the pace of external investment, which will promote the Company's acceleration of transformation and upgrading in the field of biomedical health industry and achieve rapid development.

This investment will be funded by the Company's internal resources. The Company's participation in this investment will not affect its normal production and operation activities, nor will it have a significant impact on the Company's financial condition for the current period.

## **VIEWS OF THE BOARD**

The Partnership Agreement has been approved by the Board. The connected Directors, namely Mr. Li Xiaojun, Ms. Cheng Ning, Mr. Cheng Hongjin and Mr. Tang Heping, had abstained from voting on the relevant resolution of the Board at the Board meeting approving the Partnership Agreement. Save as disclosed above, none of the Directors is, or is deemed to be, materially interested in the Partnership Agreement and therefore was required to abstain from voting on the relevant Board resolution approving the Partnership Agreement.

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

### **The Company**

The Company is principally engaged in: (1) the research and development(R&D), 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 R&D, production and sales of great health products; and (4) the health industry investment in medical care, health management, health maintenance and elderly care, etc.

## **GP Capital**

GP Capital is a company established in the PRC with limited liability on 25 January 2022. It is principally engaged in equity investment business in the biomedical and health sector, with 80% of its equity ultimately and actually owned by GPHL, the controlling shareholder of the Company. GPHL is principally engaged in the manufacturing, processing, wholesale and retail of Chinese and Western patent medicines, chemical raw materials, Chinese herbal pieces and health food, as well as the manufacturing of medical equipment, sanitary materials and pharmaceutical supplies, etc.

## **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 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 Partnership Agreement is more than 0.1% but less than 5%, the transaction is exempt from the independent shareholders' approval requirement, but is subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“Board”	the board of Directors of the Company
“Company”	Guangzhou Baiyunshan Pharmaceutical Holdings Company Limited* (廣州白雲山醫藥集團股份有限公司), a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the Main Board of the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	director(s) of the Company
“GP Capital”	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), 80% equity interest is owned by GPHL, a controlling shareholder of the Company.

“GP Fund II” “Fund” or “Partnership”	Guangzhou GP Fund II Equity Investment Partnership (Limited Partnership)* (廣州廣藥基金二期股權投資合夥企業(有限合夥)) (tentative title subject to the final approval of industrial and commercial registration authorities)
“GPHL”	Guangzhou Pharmaceutical Holdings Limited* (廣州醫藥集團有限公司), a company established in the PRC with limited liability, holding 45.04% equity interest in the Company and is the controlling shareholder of the Company
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Partner”	any or all of the parties participating in the establishment of the GP Fund II pursuant to the Partnership Agreement, including the Company and GP Capital. References to “Partner” shall be construed to include “Partners” where the context so requires and vice versa
“Partnership Agreement”	the partnership agreement dated 25 July 2025 entered into between the Company, as a limited partner, and GP Capital, as the general partner, in relation to the establishment of the Partnership
“PRC”	the People’s Republic of China

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

Guangzhou, the PRC, 25 July 2025

*As at the date of this announcement, the Board comprises Mr. Li Xiaojun, Ms. Cheng Ning, Mr. Cheng Hongjin, Mr. Tang Heping 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.*