

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**廣州白雲山醫藥集團股份有限公司**

**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: 00874)*

## **NEW CONTINUING CONNECTED TRANSACTIONS AGREEMENT**

### **NEW CONTINUING CONNECTED TRANSACTIONS AGREEMENT**

As the Existing CCT Agreements will expire on 31 December 2025 and the Group expects to continue to conduct business with GPHL and its subsidiaries thereafter, the Company entered into the New CCT Agreement with GPHL on 22 December 2025 for a term from 1 January 2026 to 31 December 2026.

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

As at the date of this announcement, GPHL is the controlling shareholder of the Company, holding approximately 45.04% of the total issued share capital of the Company and therefore is a connected person of the Company. Accordingly, the New CCT Agreement and the Transactions contemplated thereunder constitute the continuing connected transactions of the Company under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of the aggregate annual caps for the Transactions contemplated under the New CCT Agreement for the year ending 31 December 2026 exceed 0.1% but are less than 5%, the Transactions contemplated under the New CCT Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

### **BACKGROUND**

Reference is made to the Announcements in relation to the Existing CCT Agreements and the transactions thereunder. As disclosed in the Announcements, the term of the Existing CCT Agreements is from 1 January 2024 to 31 December 2025. As the Existing CCT Agreements will expire on 31 December 2025 and the Group expects to continue to conduct business with GPHL and its subsidiaries thereafter, the Company entered into the New CCT Agreement with GPHL on 22 December 2025 for a term from 1 January 2026 to 31 December 2026.

## PRINCIPAL TERMS OF THE NEW CCT AGREEMENT AND RELEVANT INFORMATION

<b>1. Parties</b>	(i) The Company; and (ii) GPHL.
<b>2. Term</b>	From 1 January 2026 to 31 December 2026.
<b>3. Type of the Transactions</b>	<p>The types of transactions under the New CCT Agreement (the “<b>Transactions</b>”) include:</p> <ul style="list-style-type: none"><li>(i) purchases of pharmaceuticals and other goods by the Group from GPHL and its subsidiaries (“<b>Purchase Transactions</b>”);</li><li>(ii) sales of medicinal materials, products, raw and auxiliary materials and other goods by the Group to GPHL and its subsidiaries (“<b>Sales Transactions</b>”);</li><li>(iii) provision of labour services (such as advertising, research and development, exhibition, management services, etc.) by the Group to GPHL and its subsidiaries (“<b>Provision of Labour Services</b>”);</li><li>(iv) receipt of labour services (such as advertising, research and development, exhibition, management services, etc.) by the Group from GPHL and its subsidiaries (“<b>Receipt of Labour Services</b>”);</li><li>(v) provision of processing services by GPHL and its subsidiaries entrusted by the Group (“<b>Entrusted Processing</b>”);</li><li>(vi) acceptance of entrustment from GPHL and its subsidiaries by the Group to provide them with processing services (“<b>Acceptance of Entrusted Processing</b>”);</li><li>(vii) grant of trademarks/trade name licences to GPHL and its subsidiaries by the Group (“<b>Trademark License Grant</b>”);</li><li>(viii) leasing of properties and/or equipment to GPHL and its subsidiaries by the Group (“<b>Leasing of Assets to GPHL</b>”); and</li><li>(ix) leasing of properties and/or equipment from GPHL and its subsidiaries by the Group (“<b>Leasing of Assets From GPHL</b>”).</li></ul>

#### 4. Basis of pricing

The terms of the Transactions shall be determined with reference to the then prevailing market prices of similar transactions entered into between the Group or GPHL and its subsidiaries and independent third parties, and shall be on normal commercial terms or terms no less favourable to the Group than terms available to the Group from (or provided by the Group to) independent third parties at the relevant time.

The then prevailing market prices under the specific contracts entered into between the Group and GPHL and its subsidiaries regarding the various types of Transactions described in this section will be determined based on the prices obtained (or provided) by the Group from independent third parties in the PRC when conducting similar transactions, and will be determined according to arm's length principles, normal commercial terms, and in the ordinary course of the Group's business.

In addition to the basis of pricing stipulated under the New CCT Agreement as set out above, the Group will consider the following principles (the "**Pricing Principles**") in order of priority when determining whether or not to proceed with the actual transactions under the New CCT Agreement:

- (1) the final confirmed prices obtained through the bidding or tendering process conducted in accordance with applicable laws, rules and regulations (if any) ("**Regulatory Bidding Prices**");
- (2) if the Regulatory Bidding Prices are unavailable or inapplicable, the final confirmed prices obtained through a bidding or tendering process conducted by the Group where at least three independent bidders will be invited ("**Corporate Bidding Prices**");
- (3) if neither the Regulatory Bidding Prices nor the Corporate Bidding Prices are available or applicable, the market prices offered to or by independent third parties in the ordinary and usual course of business; and
- (4) if none of the prices set out in (1) to (3) above are available or applicable, the agreed prices calculated based on the actual or reasonable cost incurred in similar transactions (and, in the case of similar transactions with respect to the provision of products or services, trademark license grant and leasing of assets by the Group to GPHL and its subsidiaries, plus a reasonable profit margin).

However, the Company would like to draw the attention of the shareholders of the Company to the following: (i) based on the rules and regulations applicable as at the date of this announcement (such as The Opinion of Establishment and Implementation of National Essential Medicine System\* 《關於建立國家基本藥物制度的實施意見》, The Administrative Measures for the National Essential Medicines List\* 《國家基本藥物目錄管理辦法》, The National Essential Medicines List\* 《國家基本藥物目錄》and The Administrative Measures for Supervision and Administration of the Centralised Procurement for Pharmaceutical Products\* 《藥品集中採購監督管理辦法》), the bidding or tendering process referred to in the Pricing Principle (1) above will be conducted by the state or the relevant provinces, and Pricing Principle (1) is in practice applicable to transactions related to medicinal materials, drugs, other pharmaceutical products under the Purchase Transactions and Sales Transactions, but does not apply to other transactions contemplated under the New CCT Agreement; (ii) in respect of Transactions (other than the transactions related to medicinal materials, drugs, other pharmaceutical products under the Purchase Transactions and Sales Transactions) to be conducted with GPHL and its subsidiaries, a reasonable profit margin will be added on top of the Corporate Bidding Prices to arrive at the final prices; and (iii) in respect of equipment leasing under the asset leasing transactions, the price will be determined after arm's length negotiations between the parties with reference to the appraised value of the equipment, and in respect of property leasing, the price will be determined after arm's length negotiations between the parties with reference to the appraised value of the property or the market prices (i.e. relevant prices charged by independent third parties for comparable properties in the same or nearby locations on normal commercial terms).

The reasonable profit margin mentioned above is determined by reference to the nature of the similar transactions, historical prices, current market prices and anticipated price fluctuations over the remaining term of the agreement, as well as the supply and demand of the similar transactions in the market at key periods and the order size of GPHL and its subsidiaries. For example, in respect of the Sales Transactions, the profit margin is determined with reference to (i) the profit margin the Group realized in past transactions when selling comparable quantities of similar products to GPHL and its subsidiaries; (ii) the profit margin offered by the Group when selling comparable quantities of similar products to independent third parties, and (iii) the profit margin the Group realized in past transactions when selling comparable quantities of similar products to independent third parties, so as to assess whether the profit margin charged is in line with industry conditions. It is expected that the profit margin for Sales Transactions involving traditional Chinese medicine, raw materials, auxiliary materials, packaging materials and equipment will not exceed 10%.

Since the Group is under no obligation to enter into any actual transaction under the New CCT Agreement unless, after considering the Pricing Principles, it is satisfied with the terms of the relevant proposed transaction, the Directors believe that such mechanism and procedures will ensure that the Transactions contemplated under the New CCT Agreement will be conducted on normal commercial terms (including pricing) and will not be detrimental to the interests of the Company or its minority shareholders.

## 5. Historical Amounts

Set out below are the historical amounts of the transactions under the Existing CCT Agreements:

Type of transaction	For the year ended 31 December 2024 (RMB10'000) (Audited)	For the eleven months ended 30 November 2025 (RMB10'000) (Unaudited)
Purchase Transactions	546.80	478.10
Sales Transactions	10,252.60	8,402.01
Provision of Labour Services	1,622.50	701.63
Receipt of Labour Services	558.20	723.91
Entrusted Processing	27.30	24.65
Acceptance of Entrusted Processing	1,348.20	2,497.15
Trademark License Grant	74.40	34.26
Leasing of Assets to GPHL	64.70	62.30
Leasing of Assets From GPHL	1,663.50	579.33
<b>Total</b>	<b>16,158.20</b>	<b>13,503.35</b>

To the knowledge of the Directors, as at the date of this announcement, the continuing connected transactions between the Group and GPHL and its subsidiaries under the Existing CCT Agreements have not exceeded their respective annual caps.

The actual amounts of the continuing connected transactions with GPHL and its subsidiaries for the year 2024 and the eleven months ended 30 November 2025 were lower than the Existing Annual Caps, mainly due to the fact that Guangzhou Baiyunshan Huacheng Pharmaceutical Co., Ltd. (“**Hua Cheng**”), a subsidiary of GPHL, adjusted its production arrangements in response to market changes and product sales conditions, resulting in the actual purchase volume of Chinese medicinal materials being lower than originally expected.

## 6. Annual caps

The annual cap under the New CCT Agreement for the year ending 31 December 2026 are set out below:

Type of transaction	Annual cap for the year ending 31 December 2026 (RMB10'000)
Purchase Transactions	1,200.00
Sales Transactions	17,000.00
Provision of Labour Services	5,000.00
Receipt of Labour Services	5,000.00
Entrusted Processing	100.00
Acceptance of Entrusted Processing	3,900.00
Trademark License Grant	250.00
Leasing of Assets to GPHL	5,000.00
Leasing of Assets From GPHL	2,100.00
<b>Total</b>	<b>39,550.00</b>

When determining the annual caps above, the Company has taken into account (i) the operating conditions of the Company and GPHL in recent years, including the continuous growth in scale, revenue, and profit, etc.; (ii) the further resource integration of the Group has strengthened the Group's capabilities in, among others, purchases, sales, labour services, processing, all of which are transactions contemplated under the New CCT Agreement; (iii) the historical transaction amounts between the Group and GPHL and its subsidiaries for the year 2024 and for the period from January to November 2025; and (iv) the Group's expected business growth, operating development strategy for 2026, and planned new business cooperation with GPHL and its subsidiaries, etc.

In respect of the Purchase Transactions and the Sales Transactions, the Group determined the annual cap based on the existing transaction levels, the expected increase in the volume of purchase and sales orders between the parties for the coming year, and the anticipated expansion of the relevant purchase and sales businesses. In particular, a subsidiary of GPHL, the Headquarters of GP Macau, is expected, in line with its operational needs, to increase its procurement of export intermediates from the Group.

In respect of the Provision of Labour Services, the Group determined the annual cap based on the transaction volume of advertising, medical services, and other new businesses that are expected to be provided to GPHL and its subsidiaries in the coming year. In particular, (1) Hua Cheng plans to continue to increase its investment in product advertising in 2026 to support its product promotion activities. As the Group is one of Hua Cheng's long-standing providers of advertising and exhibition services, transactions relating to the provision of labour services, including advertising and exhibition services, to Hua Cheng are expected to continue to increase; (2) GPHL intends to apply to the Company for authorisation to use the digital system and to pay service fees in response to its business needs.

In respect of the Receipt of Labour Services, the Group determined the annual cap based on the management fees expected to be paid to GPHL in the coming year. In particular, as the paid-in capital of the Company's subsidiary fund has increased, the fund management fees payable in 2026, pursuant to the relevant contractual arrangements, to Guangzhou GP Capital Private Equity Fund Management Co., Ltd., a subsidiary of GPHL, are expected to increase correspondingly.

In respect of the Entrusted Processing and Acceptance of Entrusted Processing, the Group determined the annual cap based on the expected volume of processing orders for traditional Chinese medicinal materials, pharmaceutical products and other pharmaceutical goods between the parties in the coming year.

In respect of the Trademark License Grant, the Group determined the annual cap taking into account the historical sales and the expected sales volume in the coming year of the relevant products of GPHL and its subsidiaries for which the Company's trademarks have been used or are proposed to be newly used.

In respect of the Leasing of Assets to GPHL and the Leasing of Assets from GPHL, the Group determined the annual cap based on (i) the estimated rental income for assets to be leased out and (ii) the estimated value of right-of-use assets in respect of assets to be leased in under existing or planned new lease agreements for the coming year. In particular, in order to focus on its core businesses, the Group plans to lease out its non-core idle properties or assets in a consolidated manner to GPHL or its subsidiaries for unified operation and management.

The transactions relating to the mutual provision of similar services under these connected transactions are entered into based on the respective business needs of companies within the Group and GPHL and its subsidiaries that operate in different principal business segments, and do not involve any overlap.

## **7. Payment terms**

The Group and GPHL will separately enter into specific orders and agreements for the Transactions in accordance with the New CCT Agreement, specifying the payment methods and terms, and other relevant terms, such as rent and trademark royalties.

## **INFORMATION ON THE GROUP AND GPHL**

The Group is principally engaged in (i) research, development, manufacturing and sale of Chinese and western medicine, chemical active pharmaceutical ingredients (“API”), natural medicine, biological medicine and chemical API intermediates; (ii) wholesale, retail, import and export of western medicine, Chinese medicine and medical apparatus; (iii) research, production and sale of health products; and (iv) investment in the health industry such as medical services, health management and elderly care.

GPHL is a state-controlled enterprise established in the PRC, and is principally engaged in research and development, production and sales of Chinese and Western medicine, healthcare products, medical devices, biopharmaceuticals, medical services and other products related to the overall pharmaceutical industry, as well as the provision of healthcare and wellness services. The actual controller of GPHL is the Guangzhou Municipal People’s Government.

## **REASONS FOR ENTERING INTO THE NEW CCT AGREEMENT AND BENEFITS**

In respect of the Purchase Transactions and Sales Transactions, taking into account the leading position of GPHL in the traditional Chinese medicine industry and the Group’s status as one of the largest pharmaceutical enterprise groups in the country, the Group and GPHL have established a long-term and stable cooperative relationship with a thorough understanding of each other’s product quality, service standards, and cooperation models. Building on this solid foundation, continued cooperation enables both parties to fully leverage their complementary strengths in resources and channels, achieving significant synergies and cost efficiencies, which are mutually beneficial.

In respect of the mutual provision of labour services, obtaining professional fund management services from a subsidiary of GPHL enables the Group to secure high-quality financial resources under stable conditions and optimise its asset allocation. Concurrently, providing professional services such as advertising, system management, and hospital medical examinations to GPHL and its subsidiaries allows the Group to fully leverage its existing technological and team advantages, thereby strengthening its service capabilities and monetisation potential.

In respect of the mutual provision of entrusted processing services between the Group and GPHL and its subsidiaries, this is based on the professional capabilities and production capacity advantages of both parties in different processing stages of medicinal materials and drugs, enabling complementary and efficient utilisation of production resources and jointly enhancing product quality and supply stability.

In respect of the grant of trademark licences to GPHL and its subsidiaries, this can generate stable licensing revenue for the Group, while also leveraging GPHL's channel resources to enhance the brand recognition and value of the Company in relevant fields.

The Group and GPHL and its subsidiaries will lease assets to each other, primarily because certain office and production premises of the Group are currently situated on properties owned by GPHL, while certain office premises of GPHL are located on properties owned by the Company. The plan to lease out non-core idle properties in a consolidated manner to GPHL or its subsidiary is precisely aimed at leveraging its professional capabilities in asset management, its efficiency in centralized operations, and its related resource advantages. This is conducive to the swift revitalization and value enhancement of the Group's idle properties, allowing the Group to focus more on the development of its core businesses.

The entry into the New CCT Agreement is primarily due to the impending expiry of the Existing CCT Agreements, with the aim of continuing the cooperation under a framework that better aligns with the current and future business scale of both parties, while also incorporating new areas of cooperation. This arrangement not only ensures that the Group continues to derive stable and reliable commercial benefits from such transactions but also provides sustained support for the Group's long-term strategic development.

## **INTERNAL CONTROL MEASURES**

The Company will adopt the following internal control and corporate governance measures to closely monitor connected transactions and ensure future compliance with the Hong Kong Listing Rules:

- (1) The Company has implemented a management system for connected transactions, and the Board and various internal departments of the Company will be responsible for the control and daily management of continuing connected transactions;
- (2) The Board and relevant internal departments of the Company (including but not limited to the board secretariat) will be jointly responsible for assessing the terms of the agreements in respect of the continuing connected transactions, in particular the fairness of the pricing policies and the annual caps (where applicable) for each transaction, so as to ensure that the prices and relevant terms are no less favourable to the Company than those offered by independent third parties in comparable transactions;
- (3) The Board and the Company's Board secretariat will conduct regular monitoring of the connected transactions, including, without limitation, monitoring the actual transaction amounts to ensure that they do not exceed the annual caps;

- (4) The Company will engage its auditors, and the independent non-executive Directors will also conduct an annual review of the continuing connected transactions, to ensure that the transactions contemplated thereunder are conducted in accordance with the requirements of the Hong Kong Listing Rules and in compliance with the relevant disclosure requirements; and
- (5) The Company will comply with the relevant requirements under Chapter 14A of the Hong Kong Listing Rules for continuing connected transactions.

## **VIEWS OF THE BOARD**

Having considered the reasons for and benefits of entering into the New CCT Agreement as set out above, the Directors (including the independent non-executive Directors) are of the view that (i) the terms of the New CCT Agreement are fair and reasonable; (ii) the Transactions contemplated under the New CCT Agreement are on normal commercial terms or better and conducted in the ordinary and usual course of business of the Group, or if there are insufficient comparable transactions to determine whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to the Group from (or provided by the Group to) independent third parties (as applicable); and (iii) the transactions contemplated under the New CCT Agreement are in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the New CCT Agreement. However, as Mr. Li Xiaojun, Mr. Chen Jiehui, Ms. Cheng Ning, Mr. Cheng Hongjin and Mr. Tang Heping are all directors and/or members of the senior management of GPHL, and Mr. Li Hong is the vice chairperson of the Headquarters of GP Macau, they have abstained from voting on the Board resolution approving the New CCT Agreement. Save as disclosed above, none of the Directors has a material interest in the New CCT Agreement and is required to abstain from voting on the Board resolution approving the New CCT Agreement and the transactions contemplated thereunder pursuant to the Hong Kong Listing Rules and the articles of association of the Company.

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

As at the date of this announcement, GPHL is the controlling shareholder of the Company, holding approximately 45.04% total issued share capital of the Company and therefore is a connected person of the Company. Accordingly, the New CCT Agreement and the Transactions contemplated thereunder constitute the continuing connected transactions of the Company under the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios in respect of the aggregate annual caps for the Transactions contemplated under the New CCT Agreement for the year ending 31 December 2026 exceed 0.1% but are less than 5%, the Transactions contemplated under the New CCT Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the Independent Shareholders' approval 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:

“Announcements”	the announcements of the Company dated 28 December 2023 and 29 November 2024 in relation to the entry into the Existing CCT Agreements between the Company and GPHL and the revision of the annual caps thereunder, respectively
“Board”	the board of Directors
“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 with limited liability established in the PRC whose H shares and A shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person”	has the meaning given to it under the Hong Kong Listing Rules
“controlling shareholder”	has the meaning given to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Existing Annual Caps”	the existing annual caps for the transactions under the Existing Continuing Connected Transaction Agreements for the two years ending 31 December 2025
“Existing CCT Agreements”	the continuing connected transaction agreement and its supplementary agreement, both entered into between the Company and GPHL on 28 December 2023 and 29 November 2024, respectively
“GPHL”	Guangzhou Pharmaceutical Holdings Limited* (廣州醫藥集團有限公司), a state-owned enterprise established by, and under the administration of, the Guangzhou Municipal People’s Government State-owned Assets Supervision and Administration Commission in the PRC. It is the controlling shareholder of the Company holding approximately 45.04% of the issued shares of the Company as at the date of this announcement
“Group”	the Company and its subsidiaries
“Headquarter of GP Macau”	Guangyao Group (Macau) International Development Industry Co., Ltd. (廣藥集團(澳門)國際發展產業有限公司)

“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
“New CCT Agreement”	the continuing connected transactions agreement entered into between the Company and GPHL on 22 December 2025, the principal terms of which are set out in the section headed “Principal Terms of the New CCT Agreement and Relevant Information” above
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Independent Shareholders”	shareholders other than GPHL and its associates
“subsidiary”	has the meaning given to it under the Hong Kong Listing Rules

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

Guangzhou, the PRC, 22 December 2025

*As at the date of this announcement, the Board comprises Mr. Li Xiaojun, Mr. Chen Jiehui, 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.*