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TYK Medicines, Inc

浙江同源康醫藥股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2410)

CONNECTED TRANSACTION PARTICIPATION IN ESTABLISHMENT OF FUND

On April 24, 2025, the Company, Tengyuan Changxing, Huzhou Innovation, Huzhou Industrial Investment, Changxing Xingqiang Investment and Shanghai Younan entered into the Joint Venture Agreement, pursuant to which the parties agreed to establish the Fund and the Company will participate in the newly formed Fund as a limited partner. Pursuant to the Joint Venture Agreement, the Company agreed to invest RMB18.0 million to the Fund.

Dr. Wu Yusheng, the chairman of the Board and chief executive officer of the Company is indirectly interested in Tengyuan Changxing, a general partner to the Fund. Therefore, Tengyuan Changxing is a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the entering into of the Joint Venture Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Group's capital commitment under the Joint Venture Agreement exceeds 0.1% but is less than 5%, the formation of the Fund and the Group's capital commitment under the Joint Venture Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements.

THE JOINT VENTURE AGREEMENT

On April 24, 2025, the Company, Tengyuan Changxing, Huzhou Innovation, Huzhou Industrial Investment, Changxing Xingqiang Investment and Shanghai Younan entered into the Joint Venture Agreement, pursuant to which the parties agreed to establish the Fund and the Company will participate in the newly formed Fund as a limited partner.

The principal terms of the Joint Venture Agreement are summarized as follow:

- Signing Date: April 24, 2025
- Parties: (i) Tengyuan Changxing (as general partner, executive partner and fund manager);
- (ii) Huzhou Innovation (as general partner);
- (iii) the Company (as limited partner);
- (iv) Huzhou Industrial Investment (as limited partner);
- (v) Changxing Xingqiang Investment (as limited partner); and
- (vi) Shanghai Younan (as limited partner).
- Subject matter: To form the Fund, and engage in equity investment, venture capitalism, investment management, asset management and other activities through private funds (business activities to be carried out after completion of the filing and registration with the Asset Management Association of China) (except for projects subject to approval according to law, to carry out business activities independently with business licenses) (tentatively, subject to the business scope approved by the competent enterprise registration authority).
- Investment scope: The Fund will focus primarily on early-stage development projects in the biopharmaceutical industry, while also considering growth-stage biopharmaceutical projects. It would adhere to an investment strategy that combines venture capital investment, private equity investment, and mergers and acquisitions investment. Its investment areas shall include companies in the pharmaceutical biotechnology, medical and health services, medical device products, and related fields, including those that are positioned upstream and downstream of the Group's industrial chain.
- Term: The term of the Fund shall be six years, in which the first three years (beginning from the date when the payment of amount due from the Partners at first closing upon formation of the Fund) are investment period and the final three years are exit period. The term of the Fund can be extended by up to two one-year periods by unanimous consent of all General Partners, and can be further extended by the consent of the Limited Partners holding no less than 2/3 of the partnership units in the Fund.

Total capital commitment:	Partner	Type	Initial capital commitment (RMB)	Proportion of contribution
	Tengyuan Changxing	General partner	2,000,000	1%
	Huzhou Innovation	General partner	2,000,000	1%
	The Company	Limited partner	18,000,000	9%
	Huzhou Industrial Investment	Limited partner	98,000,000	49%
	Changxing Xingqiang Investment	Limited partner	50,000,000	25%
	Shanghai Younan	Limited partner	30,000,000	15%
	Total		200,000,000	100%

Payment of capital contribution:	<p>The executive partner will from time to time issue capital contribution notices to the Partners stipulating particulars of a capital contribution. The notice should be issued at least 30 days prior to the deadline for any contribution should be. Each Partner shall settle the specified amount to the designated account by the deadline stated in the capital contribution notice.</p> <p>The initial paid-up capital of the Fund shall be no less than RMB5 million and the paid-up capital shall be no less than RMB10 million within 6 months of the completion of relevant fund filing in the PRC. If the Fund fails to complete such fund filing within 100 days of receipt of the initial paid-up capital, it shall be dissolved and all paid-up capital (along with accrued interest) shall be returned to the accounts of the respective Partners.</p>
Management and operation of the Fund:	<p>Tengyuan Changxing shall serve as the executive partner and fund manager of the Fund. Tengyuan Changxing shall have exclusive authority over the operation of the Fund, the management and control of the Fund's investment business, Partners' contributions and other matters, and for the achievement of the Fund's purposes and the performance of the Joint Venture Agreement, have full power and authority to enter into contracts and enter into other agreements and undertakings for and on behalf of the Fund, to manage and dispose of the property of the Fund, and to perform all other actions necessary.</p>
Investment decision committee:	<p>The investment decision committee of the Fund shall consist of five members, including two members designated by Tengyuan Changxing (in its capacity as the fund manager, and must include Mr. Wu Yusheng), each of Shanghai Younan, Changxing Xingqiang Investment and Huzhou Innovation are entitled to designated one member to the investment decision committee. Decisions of the committee will be subject to the threshold and veto provisions as stipulated under the Joint Venture Agreement.</p> <p>The main functions of the Investment decision committee are as follows: (i) to advise on the investment strategy and developmental direction of the Fund, (ii) to review the capital allocation of the Fund and the investment, management and exit of investment projects.</p>
Fees and remuneration:	<p>Tengyuan Changxing is entitled to a management fee in its capacity as the fund manager which is payable on a per annum basis. It is entitled to a management fee representing 1% of the actual cumulative paid-up capital commitment of the Fund during the investment period (i.e. the first three years of the term of the fund), and a management fee representing 0.75% of the total paid-up capital contributions of the partners less investment costs allocated to the partners in proportion to their investments in the allocated projects where the Fund has exited during the exit period. It is not entitled to any management fee during any extension of the Fund term.</p> <p>Huzhou Innovation is also entitled to a fee in exchange for certain administrative and investment management services it provides in its capacity as a General Partner. Such fee shall represent 1% of the actual cumulative paid-up capital commitment of the Fund during the investment period and 0.75% of the total paid-up capital contributions of the partners less investment costs allocated to the partners in proportion to their investments in the allocated projects where the Fund has exited during the exit period. It is not entitled to any management fee during any extension of the Fund term.</p>

Profit distribution and loss sharing: The Fund does not provide a fixed return. Income of the Fund shall be distributed in the following order:

- (1) reasonable funds shall be preserved to address any fees and expenses as might be incurred by the Fund;
- (2) distribution shall first be made to each of the Partners in proportion to its respective paid-up capital contribution at the time of the distribution until all Partners have recovered their respective paid-up capital contribution;
- (3) distribution shall then be made to each of the Partners until the cumulative amount received by each of the Partners reaches an amount equivalent to a simple interest of 8% annualized yield per annum on its respective paid-up capital contribution;
- (4) out of the remaining distributable income (if any), 80% shall be distributed among all the Partners in proportion to their respective paid-up capital contribution, 12% shall be distributed to Tengyuan Changxing in its capacity as the general partner of the Fund, and 8% shall be distributed to Huzhou Innovation as the other general partner of the Fund.

In-specie distribution may be made provided that all Partners consent to such distribution. The fund manager should otherwise exercise its best endeavor to make cash distribution prior to the winding up of the Fund.

The loss incurred by any investment project of the Fund shall be borne by the relevant Partners of the investment project at the time of investment, in proportion to their actual paid-up capital at that time; losses other than those of investment projects shall be borne by each Partner during the period of loss in proportion to their subscribed capital contributions at that time.

Transfer of interest: Transfer of interest by the Limited Partner is subject to the procedures set out under the Joint Venture Agreement. Transfer of interest to an existing Limited Partner is subject to the approval of Tengyuan Changxing (in its capacity as the executive partner), while transfer of interest to any person who is not an existing Partner would be subject to approval at a Partners' meeting upon the consent of Tengyuan Changxing (in its capacity as the executive partner) and the limited partners holding no less than 2/3 of the paid-up capital contribution of the Fund.

The transfer of any interest by the General Partner is subject to the unanimous consent of all Partners.

The Fund is a limited partnership to be established under the laws of the PRC pursuant to the Joint Venture Agreement. No financial information or past performance of the Fund is available for disclosure as at the date of this announcement.

REASONS FOR AND BENEFITS OF PARTICIPATING IN THE FUND

The Group is a biopharmaceutical company that is about to enter the commercialization stage. The purpose of the limited partnership fund is to seek investment with a focus on biopharmaceutical businesses to incubate and develop high quality pharmaceutical ventures (including those that may have potential synergies with the Group). Through the participation and investment in the Fund, it will enhance the Group's understanding of the latest developments in the pharmaceutical industry and help the Group with its own business and operations, understanding the prevailing trends in the industry as well as to explore its potential strategic partners and synergies. The Company considers that Tengyuan Changxing (through Mr. Wu Yusheng and his personal knowledge of the industry and its other stakeholders) would be beneficial to the Fund and having taken considered this and the experience and network of the Partners, the Company considers that the participation of the Group in the Fund allows for effective utilization of its existing financial resources and improve potential capital gain. The capital contribution to be made by the Group will not have any adverse impact on the financial condition and operating results of the Group.

The Group intends to finance its capital contribution to the Fund through its internal resources.

The terms of the Joint Venture Agreement (including the fee and remuneration of the fund manager and general partner and provisions on return and assets distribution) were determined after arm's length negotiation between the parties thereto and on normal commercial terms. The Directors (including the independent non-executive Directors) are of the view that terms of the Joint Venture Agreement and the transactions contemplated thereunder are fair and reasonable, and the entering into of the Joint Venture Agreement and the transactions contemplated thereunder is, albeit not in the ordinary and usual course of business of the Group, conducted on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Mr. Wu Yusheng, being a Director who is interested in Tengyuan Changxing, the general partner and fund manager of the Fund has abstained from voting on the Board resolution(s) approving the entering into of the Joint Venture Agreement.

INFORMATION ON THE PARTIES

The Company

The Company is a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the main board of the Stock Exchange. The Company is a biopharmaceutical company that is about to enter the commercialization stage, committed to the discovery, acquisition, development and commercialization of differentiated targeted therapies to address unmet clinical needs in cancer treatment.

The Partners

Tengyuan Changxing is an investment management company. Dr. Wu Yusheng, the chairman of the Board and chief executive officer of the Company is interested in the entire equity of Zhengzhou Derui Medical Technology Co., Ltd (鄭州德瑞醫藥科技有限公司), which is in turn a 33.3% limited partner of Tengyuan (Shanghai) Corporate Management Centre (Limited Partnership) (騰遠(上海)企業管理中心(有限合夥), "**Tengyuan Shanghai**"). Tengyuan Shanghai is in turn interested in 85.0% of the equity interest of Tengyuan Changxing. The general partner of Tengyuan Shanghai holding 33.4% of the equity interest is Ningbo Guoxing Lecheng Enterprise

Management Consulting Co., Ltd. (寧波國興樂成企業管理諮詢有限公司), which is in turn ultimately controlled by Mr. Sun Feng (孫烽), Ms. Zhang Lan (張蘭) is the other limited partner of Tengyuan Shanghai holding 33.3% interest in the limited partnership.

Huzhou Innovation and Huzhou Industrial Investment are both investment companies, which are focused on the investment ventures and are both ultimately owned and controlled by Huzhou Municipal People's Government State-owned Assets Supervision and Administration Commission (湖州市人民政府國有資產監督管理委員會).

Changxing Xingqiang Investment is a venture investment limited partnership whose general partner and majority limited partners are ultimately owned and controlled by Changxing County Finance Bureau (長興縣財政局).

Shanghai Younan is a Shanghai based company principally engaged in environmental related businesses, which is ultimately owned and controlled by Ms. Zhang Yudi (張玉娣).

To the best of the Company's knowledge, save as disclosed herein, each of Huzhou Innovation, Huzhou Industrial Investment, Changxing Xingqiang Investment, Shanghai Younan and their respective ultimate beneficial owners are Independent Third Parties.

LISTING RULES IMPLICATIONS

Dr. Wu Yusheng, the chairman of the Board and chief executive officer of the Company is interested in the entire equity of Zhengzhou Derui Pharmaceutical Technology Co., Ltd. (鄭州德瑞醫藥科技有限公司), which is in turn a 33.3% limited partner of Tengyuan Shanghai. Tengyuan Shanghai is in turn interested in 85.0% of the equity interest of Tengyuan Changxing, a general partner to the Fund. Dr. Wu Yusheng is therefore indirectly interested in Tengyuan Changxing. Therefore, Tengyuan Changxing is a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the entering into of the Joint Venture Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Group's capital commitment under the Joint Venture Agreement exceeds 0.1% but is less than 5%, the formation of the Fund and the Group's capital commitment under the Joint Venture Agreement are subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements.

DEFINITIONS

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

“Board”	the board of Directors
“Changxing Xingqiang Investment”	Changxing Xingqiang Chuangqiang Investment Partnership (Limited Partnership) (長興興長創強投資合夥企業(有限合夥)), a limited partnership established in the PRC and an Independent Third Party, and a limited partner of the Fund pursuant to the Joint Venture Agreement
“Company”	TYK Medicines, Inc (浙江同源康醫藥股份有限公司), a joint stock company incorporated in the PRC with limited liability on November 2, 2017

“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Fund”	the limited partnership fund to be set up in accordance with the Joint Venture Agreement which is tentatively to be named TYK Venture Investment Fund (Huzhou) Partnership (Limited Partnership) (同源康創業投資基金(湖州)合夥企業(有限合夥))
“General Partner(s)”	Tengyuan Changxing and Huzhou Innovation
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huzhou Industrial Investment”	Huzhou Industrial Investment Fund Co., Ltd. (湖州市產業基金投資有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party, and a limited partner of the Fund pursuant to the Joint Venture Agreement
“Huzhou Innovation”	Huzhou Innovation Incubation Investment Co., Ltd. (湖州市創新創業投資有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party, and a general partner of the Fund pursuant to the Joint Venture Agreement
“Independent Third Party”	to the best of the Directors’ knowledge having made all reasonable enquiries, any third party independent of the Company and its connected persons
“Joint Venture Agreement”	the joint venture agreement (合夥協議) dated April 24, 2025 entered into amongst the Partners in connection with the proposed established of the Fund
“Limited Partner(s)”	the Company, Huzhou Industrial Investment, Changxing Xingqiang Investment and Shanghai Younan
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Partner(s)”	the General Partners and Limited Partners
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Younan”	Shanghai Younan Environmental Protection Technology Co., Ltd. (上海友南環保科技有限公司), a company incorporated in the PRC with limited liability and an Independent Third Party, and a limited partner of the Fund pursuant to the Joint Venture Agreement
“Share(s)”	ordinary share(s) in the capital of the Company with nominal value of RMB1.00 each, comprising Unlisted Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Tengyuan Changxing”	Tengyuan (Changxing) Investment Management Co., Ltd. (騰遠(長興)投資管理有限公司), a company incorporated in the PRC with limited liability and an associate of Mr. Wu Yusheng, an executive Director and controlling shareholder of the Company, and a general partner of the Fund pursuant to the Joint Venture Agreement
“Unlisted Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each and are not listed or traded on any stock exchange
“%”	per cent

By Order of the Board
TYK Medicines, Inc
(浙江同源康醫藥股份有限公司)
Dr. WU Yusheng

Chairman, Executive Director and Chief Executive Officer

Hong Kong, April 24, 2025

As at the date of this announcement, the Board comprises Dr. WU Yusheng and Dr. JIANG Mingyu as executive Directors, Dr. LI Jun, Dr. GU Eric Hong, Dr. MENG Xiaoying and Mr. HE Chao as non-executive Directors, and Mr. ZHANG Senquan, Dr. LENG Yuting, Dr. XU Wenqing and Dr. SHEN Xiuhua as independent non-executive Directors.