CHINA GRAND PHARMACEUTICAL AND HEALTHCARE HOLDINGS LIMITED

遠大醫藥健康控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00512)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Financial Summary

- The revenue for the year ended 31 December 2020 amounted to approximately HK$6,352.92 million (2019: HK$6,590.64 million) with a slight reduction of approximately 3.6% as compared with the same period of last year. If disregarding the fluctuation of foreign currency, for the year ended 31 December 2020 the revenue of the Group slightly decreased by approximately 2.7%. The slight decrease in revenue was mainly due to the reduction in turnover in the first half of 2020, while during the second half of the year the growth in turnover has recovered.

- The profit for the year attributable to owners of the Company for the year ended 31 December 2020 amounted to approximately HK$1,792.66 million (2019: HK$1,150.95 million) which including the gain from fair value change of investment in Telix amounted to approximately HK$268.31 million, with an increment of approximately 55.8% as compared with the same period of last year. If disregarding the fluctuation of exchange rate between RMB and HK$, for the year ended 31 December 2020 the profit attributable to the owners of the Company increased by approximately 57.2% as compared to the same period of last year. If disregarding the gain from fair value change of investment in Telix, the profit attributable to the owners of the Company amounted to approximately 1,524.35 million, increased by approximately 32.5% as compared to the same period of last year.

- The gross profit margin for the year ended 31 December 2020 was approximately 63.5% (2019: 61.3%) with an increment of approximately 2.2 per cent points as compared with the same period of last year.

- As a result of capital and asset injection and also the growing of financial results, the gearing ratio of the Group, measured by bank borrowings as a percentage of shareholders' equity, recorded a further decrease from approximately 24.0% as at 31 December 2019 to approximately 20.9% as at 31 December 2020.

- For the year ended 31 December 2020, the Group has made significant investments in pre-clinical research, clinical trials, drug registration and other R&D works for its pipeline projects, and reached agreements with a number of companies for obtaining the rights of R&D, manufacturing and commercialization of different products and for the consolidation of further cooperation, with a total investment amount of over RMB1.5 billion. There are a few worldwide first developed new drugs under positive progress. Up to the date of this announcement, there are 5 clinical trials internationally and domestically, 1 new drug application has been submitted (SIR-Spheres® Y-90 resin microsphere) and 1 medical device registration certificate (APERTO, a drug-coating balloon) was granted.

- During 2020 the Group maintained the corporate strategy in promoting products with high-entry barriers, products with brands and products integration of raw materials and preparations, which brought out an obvious attainment of operation. Throughout years of efforts, the operation profit of the Group recorded continuous growth and thus the Board proposed a final dividend of 11 HK cents.

The board (the "**Board**") of directors (the "**Directors**") of China Grand Pharmaceutical and Healthcare Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results for the year ended 31 December 2020 of the Company and its subsidiaries (collectively the "**Group**"), together with comparative figures for the previous period as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Revenue	*4*	**6,352,919**	6,590,635
Cost of sales		**(2,317,725)**	(2,549,270)
Gross profit		**4,035,194**	4,041,365
Other revenue and income		**383,552**	263,655
Distribution costs		**(1,860,086)**	(2,239,494)
Administrative expenses		**(685,239)**	(609,621)
Impairment of financial assets at amortised cost, net		**(17,805)**	(57,825)
Fair value change on financial assets at fair value through profit or loss	*5*	**271,409**	(10,567)
Share of results of associates		**61,979**	114,962
Finance costs	*6*	**(115,421)**	(146,502)
Profit before tax		**2,073,583**	1,355,973
Income tax expense	*7*	**(292,374)**	(230,485)
Profit for the year	*8*	**1,781,209**	1,125,488

	Notes	2020 ***HK$'000***	2019 *HK$'000*
Other comprehensive income, net of income tax			
Items that will not be reclassified to profit or loss:			
Fair value gain on investment in equity instruments at fair value through other comprehensive income		**(15,602)**	176
Share of other comprehensive income of associates		**26,435**	10,419
Items that may be reclassified subsequently to profit or loss:			
Exchange difference on translating foreign operations		**356,602**	(75,664)
Other comprehensive loss for the year, net of income tax		**367,435**	(65,069)
Total comprehensive income for the year, net of income tax		**2,148,644**	1,060,419
Profit/(loss) for the year attributable to:			
- Owners of the Company		**1,792,661**	1,150,948
- Non-controlling interests		**(11,452)**	(25,460)
		1,781,209	1,125,488
Total comprehensive income/(loss) for the year attributable to:			
- Owners of the Company		**2,174,432**	1,085,152
- Non-controlling interests		**(25,788)**	(24,733)
		2,148,644	1,060,419
Earnings per share	*10*		
- Basic (HK cents)		**52.03**	35.12
- Diluted (HK cents)		**52.03**	34.42

Details of the dividends for the year ended 31 December 2020 are disclosed in note 9 to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Non-current assets			
Property, plant and equipment		**3,033,216**	2,921,470
Right of use assets		**377,113**	342,364
Investment properties		**132,696**	79,815
Interests in associates		**6,133,066**	5,165,955
Equity instruments at fair value through other comprehensive income		**171,164**	95,025
Loan receivables		**113,959**	-
Goodwill		**505,574**	480,321
Intangible assets		**881,843**	794,723
Deferred tax assets		**25,162**	19,872
Prepayments		**291,594**	97,439
		11,665,387	9,996,984
Current assets			
Financial assets at fair value through profit or loss		**520,767**	71,891
Inventories		**955,314**	814,373
Trade and other receivables	*11*	**1,894,160**	1,698,808
Loan receivables		**45,676**	-
Amounts due from related companies		**35,436**	50,697
Pledged bank deposits		**30,910**	121,285
Cash and cash equivalents		**1,836,695**	1,059,269
		5,318,958	3,816,323
Current liabilities			
Trade and other payables	*12*	**2,139,452**	2,026,196
Contract liabilities		**269,049**	305,558
Bank and other borrowings		**1,568,454**	967,607
Lease liabilities		**6,200**	22,621
Amounts due to related companies		**57,575**	33,155
Amount due to the immediate holding company		**2,331**	3,402
Income tax payable		**259,866**	231,024
		4,302,927	3,589,563
Net current assets		**1,016,031**	226,760
Total assets less current liabilities		**12,681,418**	10,223,744
Non-current liabilities			
Bank and other borrowings		**798,562**	1,062,690
Lease liabilities		**15,162**	11,928
Deferred tax liabilities		**181,879**	171,506
Deferred income		**341,606**	466,613
		1,337,209	1,712,737
Net assets		**11,344,209**	8,511,007

	Notes	**2020** ***HK$'000***	2019 *HK$'000*
Capital and reserves attributable to owners of the Company			
Share capital	*13*	**35,496**	33,776
Reserves		**11,204,008**	8,341,491
Equity attributable to owners of the Company		**11,239,504**	8,375,267
Non-controlling interests		**104,705**	135,740
Total equity		**11,344,209**	8,511,007

Notes:

1. GENERAL INFORMATION

The Company is incorporated in Bermuda on 18 October 1995 as an exempted company under the Companies Act 1981 of Bermuda with its shares listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 19 December 1995. The addresses of the registered office and principal place of business of the Company are Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and Unit 3302, The Centre, 99 Queen's Road Central, Hong Kong, respectively.

The Group is principally engaged in the research and development, manufacture and sales of pharmaceutical preparations and medical devices, bio-technology products and health products, specialized pharmaceutical raw materials and other products, in the People's Republic of China (the "**PRC**").

The directors of the Company (the "**Directors**") consider that Outwit Investments Limited (the "**Outwit**") is the parent company of the Company, and China Grand Enterprises Incorporation (the "**China Grand**") is the ultimate holding company of the Company.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**"), which is the same as functional currency of the Company, and the functional currency of most of the subsidiaries in Renminbi ("**RMB**"). The Board considered that it is more appropriate to present the consolidated financial statements in HK$ as the shares of the Company (the "**Shares**") are listed on the Stock Exchange. The consolidated financial statements are presented in thousands of units of HK$ (HK$'000), unless otherwise stated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 16	Covid-19 Related Rent Concessions[4]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) [1]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

The directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPERATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("**HKASs**"), and Interpretations issued by the HKICPA and accounting principles generally accepted in Hong Kong. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. REVENUE AND SEGMENT INFORMATION

For the year ended 31 December 2020 and 2019, the Group is principally engaged in research and development, manufacture and sales of pharmaceutical preparations and medical devices, bio-technology products and health products, specialised pharmaceutical raw materials and other products. The Board of directors, being the chief operating decision maker of the Group, reviews the operating results of the Group as a whole to make decisions about resource allocation. The operation of the Group constitutes one single reportable segment under HKFRS 8 and accordingly, no separate segment information is prepared.

The Group's revenue represents the invoiced value of goods sold, net of discounts and sales related taxes.

Geographical information

The Group's operations are mainly located in the PRC (country of domicile) and it also derives revenue from America, Europe and Asia.

Information about the Group's revenue from external customers is presented based on geographical location of the customers and information about the Group's non-current assets is presented based on geographical location of the assets are detailed below:

	Revenue from external customers		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**4,842,323**	5,430,277	**11,333,363**	7,056,007
America	**471,258**	480,998	-	-
Europe	**356,331**	261,209	-	-
Asia other than the PRC	**530,094**	315,623	**21,739**	490
Others	**152,913**	102,528	-	-
Total	**6,352,919**	6,590,635	**11,355,102**	7,056,497

Note: Non-current assets excluded equity instruments at fair value through comprehensive income, loan receivables, deferred tax assets and a part of interests in associates.

Information about major customers

For the years ended 31 December 2020 and 2019, none of the Group's sales to a single customer amounted to 10% or more of the Group's total revenue.

REVENUE

Disaggregation of revenue from contracts with customers

	2020	2019
	HK$'000	*HK$'000*
Type of goods and services		
Manufacture and sales of pharmaceutical preparations and medical devices	**4,081,751**	4,268,653
Sales of bio-technology products and health products	**1,503,082**	1,556,922
Sales of specialised pharmaceutical raw materials and other products	**768,086**	765,060
Total revenue recognised at point in time	**6,352,919**	6,590,635

	2020	2019
	HK$'000	*HK$'000*
Revenue disclosed in segment information		
External customers	**6,352,919**	6,590,635
Timing of revenue recognition		
At point in time	**6,352,919**	6,590,635

All of the Group's revenue is generated in the PRC based on where goods are sold. All revenue contracts are for period of one year or less, as permitted by practical expedient under HKFRS 15, the transaction price allocated to these unsatisfied contacts is not disclosed.

5. FAIR VALUE CHANGE ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020	2019
	HK$'000	*HK$'000*
Listed equity	**264,972**	(11,666)
Investment at fair value	**6,437**	1,099
	271,409	(10,567)

6. FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
Interest on bank borrowings:		
- wholly repayable within five years	**112,877**	121,788
Interest on bond payables	**-**	5,988
Interest on convertible bonds	**-**	11,909
Interest on amount due to the immediate holding company	**-**	21
Interest on lease liabilities	**2,544**	6,796
	115,421	146,502

7. INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
Current tax:		
The PRC Enterprise Income Tax	**296,475**	240,372
Deferred tax	**(4,101)**	(9,887)
	292,374	230,485

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Company did not have any assessable profits subject to Hong Kong profits tax at the rate of neither 8.25% nor 16.5% (2019: neither 8.25% nor 16.5%). Provision on profits assessable elsewhere has been calculated at the rate of tax prevailing to the countries to which the Group operates, based on existing legislation, interpretations, and practices in respect thereof.

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

According to the relevant PRC tax regulations, High-New Technology Enterprise (the "**HNTE**") operating within a High and New Technology Development Zone are entitled to a reduced Enterprise Income Tax (the "**EIT**") rate of 15%. Certain subsidiaries are recognised as HNTE and accordingly, are subject to EIT at 15%. The recognition as a HNTE is subject to review on every three years by the relevant government bodies.

8. PROFIT FOR THE YEAR

	2020	2019
	HK$'000	*HK$'000*
Profit for the year is stated after charging:		
Depreciation of property, plant and equipment	**259,821**	457,174
Depreciation of right-of-use assets	**15,580**	11,657
Amortisation of intangible assets	**11,660**	8,305
Total depreciation and amortisation	**287,061**	477,136

9. DIVIDEND

The Board recommends the payment of final dividend of approximately HK$390,450,000 at 11 HK cents per share (2019: HK$324,250,000 at 9.6 HK cents per share) for the year ended 31 December 2020.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data

	2020	2019
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share calculation	**1,792,661**	1,150,948
Effect of dilutive potential ordinary shares:		
- Interest on convertible bonds	**-**	9,598
Earnings for the purpose of diluted earnings per share calculation	**1,792,661**	1,160,546

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share calculation	**3,445,243**	**3,277,561**
Effect of dilutive potential ordinary shares:		
- Convertible bonds	**-**	**93,760**
Weighted average number of ordinary shares for the purpose of diluted earnings per share calculation	**3,445,243**	**3,371,321**

The diluted earnings per share is the same as the basic earnings per share as no potential dilutive event for the year ended 31 December 2020.

For the year ended 31 December 2019, the Company's outstanding convertible bonds were included in the calculation of diluted earnings per share because the effect of the Company's outstanding convertible bonds were diluted.

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables, net	**815,265**	897,991
Bills receivables	**692,807**	497,866
Prepayments	**259,157**	194,292
Deposits paid	**-**	469
Other tax receivables	**47,334**	38,524
Other receivables, net	**79,597**	69,666
	1,894,160	1,698,808

The Group generally allows a credit period of 30 – 180 days (2019: 30 – 180 days) to its trade customers. The Group does not hold any collaterals over the trade and other receivables. The following is an aged analysis of trade receivables presented based on the invoice date at the reporting date. The bills receivables were all with maturity within 180 days from the reporting date.

	2020 *HK$'000*	2019 *HK$'000*
Within 90 days	**631,810**	773,517
91-180 days	**106,230**	84,724
181-365 days	**77,225**	39,750
	815,265	897,991

12. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

	2020 *HK$'000*	2019 *HK$'000*
Trade payables	**400,142**	355,171
Bills payables	**262,346**	479,122
Accruals and other payables	**1,321,868**	1,131,307
Other tax payables	**155,096**	60,596
	2,139,452	2,026,196
Contract liabilities (note (a))	**269,049**	305,558

Notes:

(a) Contract liabilities in relation to sales of finished goods are expected to be settled within one year. The entire amount of contract liabilities as at 1 January 2019 is all recognised as revenue during current year.

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2020 *HK$'000*	2019 *HK$'000*
Within 90 days	**237,868**	237,118
Over 90 days	**162,274**	118,053
	400,142	355,171

13. SHARE CAPITAL

	Number of shares at		Share capital at	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
	'000	*'000*	***HK$'000***	*HK$'000*
Authorized				
Ordinary shares of HK$0.01 each	**100,000,000**	100,000,000	**1,000,000**	1,000,000
Issued and fully paid				
At 1 January 2020 and 2019	**3,377,571**	3,134,825	**33,776**	31,348
Conversion of convertible bond	**-**	222,222	**-**	2,222
Issued under subscription (note (a))	**172,000**	20,524	**1,720**	206
At 31 December 2020 and 2019	**3,549,571**	3,377,571	**35,496**	33,776

Notes:

(a) On 10 August 2020, the Company completed the allotment and issuance of 172,000,000 placing shares at the placing price of HK$5.90 per placing share. After deducting the placing commission and the related fees and expenses, the aggregate net proceeds were approximately HK$1,013.60 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In the early 2020, the outbreak of 2019 coronavirus ("**COVID-19**") epidemic seriously affected the global economy. According to the data of Organization for Economic Cooperation and Development (OECD), in 2020, the world GDP declined by 4.2% while China's GDP grew at 1.8%, lower than 6.1% which was recorded in 2019. Wuhan in Hubei, the center of the epidemic, suffered intensely. In 2020, Hubei's GDP dropped by 5.0% year-on-year, a sharp decline from the growth rate of 7.5% in 2019. Wuhan's GDP decreased by 4.7% year-on-year, representing a distinct difference from the growth rate of 7.8% in 2019. The Group's major subsidiaries, including Grand Pharma (China) Co., Ltd. ("**Grand Pharma (China)**"), which are located in Wuhan, Hubei, have also been inevitably affected. Actively coordinating with the implementation of national policies to make a contribution to the fight against the epidemic and undertake social responsibilities, the Group has been advancing in spite of difficulties to actively ensure the resumption of work and production, and thus a stable and rapid growth of the Company.

Given the outbreak of the epidemic, public awareness towards disease prevention and control and health protection among society increased. Government regulatory authority rapidly responded to and adjusted the relevant policies and technical guidelines for selecting potential drugs, conducting clinical research, launching clinical research of drugs and approval of pharmaceutical equipment under emergency, which laid a foundation for the new development of pharmaceutical innovation. Driven by the medical reform policy and "Three Medical System Reform", although the competitive landscape of the medical industry has been yielding good results, higher requirements are imposed on the pharmaceutical enterprises which cause greater challenges.

Under such complicated background, sticking to "patients-centered and innovation-driven", the Group strives for market opportunities and increases investment in global innovative products and advanced technologies in response to unmet clinical needs for the purpose of enriching and improving the product pipelines and industrial layout and accelerating the product applications. While actively complying with market development and policy direction, the Group will adhere to the strategy of "global expansion and dual-cycle operation" with focus on high-quality domestic and overseas innovation projects, thereby continuously expanding product pipelines, extending the business model and strengthening the promotion of pharmaceutical innovation. Through a pattern of domestic and international cycles that synergize with each other, the Group is committed to constantly enhancing its core competitiveness and providing returns to its shareholders and community.

Group Positioning

China Grand Pharmaceutical and Healthcare Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**") is an international pharmaceutical company of technological innovation. The core products of the Group cover several major businesses represented by the anti-tumor, cardiovascular emergency pharmaceutical products and advanced cerebro-cardiovascular intervention advanced medical devices, anti-virus and anti-infection, respiratory and ENT, bio-health products and specialized pharmaceutical ingredients. The Group has mainly focused on four business scopes, namely "innovative drugs with high entry barriers", "branded drugs", "integration of raw materials", and "nutrition products". There are three major segments of global innovation and technology leadership, namely precision interventional therapy, Radionuclide–drug conjugate ("**RDC**") and immunotherapy, to be carried out with a forward-looking view by the Group. The Group has taken part in four major technology R&D platforms and five major R&D centers around the world.

Since the Group has a strong industrial foundation and a complete industrial chain with outstanding comprehensive advantages in pharmaceutical raw materials and preparations integration, it is listed as an emergency medicines manufacturer for national ready reserve, a national essential medicines base and a national centralized production base for minority-variety medicines, etc., laying a solid foundation for a sustained and stable growth of the Group's result. Moreover, the Group has more than 90 products included in the Chinese National List of Essential Drugs (2018 Version), more than 200 products included in the National Drug List for Basic Medical Reimbursement, Work-Related Injury Reimbursement and Maternity Reimbursement (2019 Version). A total of seven products have been approved to pass the consistency evaluation, including sodium bicarbonate tablets, metronidazole tablets, trimetazidine tablets, glipizide tablets, finasteride tablets,

captopril tablets and milrinone injection, among which, five products (namely sodium bicarbonate tablets, metronidazole tablets, trimetazidine tablets, glipizide tablets and finasteride tablets) have won the bid for the national centralized procurement of medicines.

The Group has obvious advantages in traditional fields such as the respiratory and ENT, and cardiovascular emergency preparations. While a number of barrier products and exclusive products with leading market share make a stable contribution, the Group has also reserved three innovative products in the late clinical stage, including the treatment of "dry eye disease", "pterygium" and "allergic rhinitis", which are expected to be gradually introduced in the PRC in the coming few years. The Group will continue to adopt the R&D concept of combining innovator and generic to create a product cluster, and keep consolidating its leadership in this segment in the future. The Group has established a long-term and stable cooperative relationship with many overseas high-quality customers in the field of bio-health products, which constitutes an important support for the Group's sustained and stable business performance.

Meanwhile, by fully capitalising "accurate and stable business development capabilities at home and abroad, the introduction and digestion of international leading technologies, excellent marketing and sales capabilities", the Group is aiming at the frontier areas of technological innovation. With the strategy of "building a wall, deepening exploration, storing reserves" and the vision of internationalization and technological innovation, the Group continues to expand and reach a new business growth point, deeply expanding three core therapeutic areas, i.e. "cerebro-cardiovascular precision interventional diagnosis", "anti-tumor" and "anti-virus and anti-infection".

The field of "cerebro-cardiovascular precision interventional diagnosis" concerns on five major directions, i.e. vascular intervention, neurointervention, structural cardiac disease, electrophysiology and heart failure. For the purpose of a comprehensive deployment, a product cluster of technologically innovative high-end medical device is in place. Currently, there are six products covering three major directions, two of them have been approved for launch in the PRC, and the remaining four are expected to be approved for launch in the PRC before the end of 2025. Among which, two products of vascular intervention, namely RESTORE DEB, which is the only innovative coronary intervention drug coating balloon product in the market with two indications of de novo coronary artery lesions and in-stent restenosis, and APERTO OTW, which is the first renal dialysis drug coating balloon product of hemodialysis patient, have been approved for launch in the PRC. The product LEGFLOW OTW for peripheral vascular diseases has also entered into clinical research stage and is expected to be launched in 2024. The NOVASIGHT Hybrid, a coronary diagnosis product, can simultaneously show the ultrasound and optical image. It was enrolled in the special review approval process of innovative medical device in 2019, and is expected to obtain the approval for launch from the PRC in 2023. For structural cardiac disease, there is a diagnosis product FORESIGHT ICE, which is a 3D intracardiac echocardiography product and was approved for commercialization in United States and Canada. Currently it is actively prepared for the clinical registration works in China. The valve products will be further enhanced in the future. For neurointervention, the Group is independently developing a new stent retriever, which is expected to be approved for launch in 2024. Along with the accelerated growth in terms of electrophysiology and heart failure, it is expected that the deployment of such five major directions will be completed in 2021. At the same time, regarding "introduction and landing" and "synchronously independent and localized R&D" as its development direction, the Group will realize the construction of a dual system of local + global R&D and production, as well as accelerate product launches and improve its own R&D capability. With the belief of "persistence is the key to success", it is the Group's target to build this segment into a leading "cerebro-cardiovascular precision interventional diagnosis platform" in the PRC and even the world.

In the field of anti-tumor, "radionuclide" and "immunization" are the key layout world-wide. A milestone breakthrough development has been achieved in 2020, in which for radionuclide it has established an all-round layout covering R&D, production, sales and supervision qualification and built up the full industry chain in 3 years. In terms of product pipelines, there are 12 global innovative products, of which 10 products are in clinical trials across different locations in the globe, covering 9 major solid tumors (including hepatocellular carcinoma, colorectal cancer, clear cell renal cell carcinoma, prostate cancer, glioblastoma, metastatic melanoma, triple negative breast cancer, squamous cell carcinoma and HPV-positive head and neck cancer). The variety and quantity of the Group's product pipeline are at the leading level in this industry. In terms of blockbuster products, SIR-Spheres® Y-90 resin microspheres is the radionuclide-drug conjugates, being the Group's global innovative blockbuster products, and its new drug application (the "**NDA**") has been

approved by the National Medical Products Administration of the PRC ("**NMPA**"), which is expected to obtain the approval for launch in the PRC in the end of 2021 and to provide a new treatment resolution to liver cancer patients in China. TAVO™, the core product of OncoSec Medical Incorporated ("**OncoSec**", an associate of the Group), is performing a registration-enabled phase IIb clinical trial for the treatment of anti-PD-1 checkpoint resistant metastatic melanoma with the pure anti-PD-1 drug KEYTRUDA® (Generic name: pembrolizumab). The interim data of the experiment demonstrated the overall response rate ("**ORR**") was 30%, which was much higher than the primary efficacy endpoint for the study determined by blinded independent review (a 20% ORR). It is expected that OncoSec can apply for accelerated approval with the U.S. FDA based on the final ORR data from this phase IIb clinical trial. In terms of R&D, the Group relied on Telix Pharmaceuticals Limited ("**Telix**"), Sirtex Medical Pty Ltd. ("**Sirtex**") and OncoSec to establish their international first-class R&D platforms for radionuclide–drug conjugate (RDC), tumor intervention and DNA immunization, greatly enhancing the Group's R&D strength of radionuclide drug anti-tumor in the field of tumor immunity. The Group will continue to increase investment in and development of global innovative products in the field of radiopharmaceuticals and tumor immunity in response to unmet clinical needs and enrich product pipeline and improve supply chain, dedicating itself into building a world-leading radiopharmaceutical diagnosis platform and tumor immunotherapy platform.

The global first-in-class drug against unmet clinical needs is the focus in the field of anti-virus and anti-infection. In terms of product pipelines, there are three global innovative drugs, two of which are global innovative drugs for the treatment of sepsis, STC3141 and APAD, and one of which is a global innovative drug for the treatment of parainfluenza. The clinical progress of STC3141, a world-wide innovative drug, was rapid and Phase Ib clinical research for the treatment of acute respiratory distress syndrome (the "**ARDS**") was approved to commence in the PRC in March 2021. The Phase II clinical research, for the treatment of ARDS caused by COVID-19 infection and Phase Ib clinical research for the treatment of sepsis were approved to commence in Australia in May 2020. In terms of R&D, the Group has set up an anti-virus and anti-infection R&D platform in Australia, and has established strategic partnerships with the Australian National University and Griffith University in Australia (the "**Griffith University**").

In the field of mRNA therapy, the COVID-19 epidemic has made mRNA therapy unprecedentedly famous in decades, leading a potential major and far-reaching impact on the vaccine industry and even the entire biotechnology industry. The Group has established a strategic cooperation with Belgium based eTheRNA ImmunotherapiesNV ("**eTheRNA**"), pursuant to which, a joint venture company with independent R&D capability was quickly established in China within half a year, accompanying with the ability to compete with international leading mRNA companies.

The sea admits hundreds of rivers for its capacity to hold. Conducting global R&D with an active and open mind, the global R&D centre has begun to take shape and the global R&D layout has achieved initial results. The Group has invested four major technology R&D platforms and five major R&D centers around the world. The technology R&D platforms consist of the RDC technology platform, DNA R&D technology platform, mRNA R&D technology platform and Glycomics R&D technology platform. The R&D centers include the International R&D Center in Optics Valley in Wuhan (under preparation of construction) as well as four major overseas R&D centers (namely San Diego R&D Center - Immunotherapy (DNA Technology) Anti-tumor in the United States, Boston R&D Center - Precision Interventional Anti-tumor in the United States, Belgium - mRNA, and Australia R&D Center - Anti-virus and Anti-infection). The Group has over 30 prestige scientists worldwide. The Group and its associates have 526 R&D personnel in total (including overseas R&D teams such as Sirtex and OncoSec), representing a significant increase more than 70% as compared to the corresponding period of 2019, among which, 258 persons hold master's or doctorate degrees, accounting for nearly 50%, with over 300 personnel in the direct R&D team. All professional leaders and core team members of each segment have academic background in clinical medicine or pharmacy, while some of whom also have overseas education or working experience. In respect of the construction of R&D systems, during the current period, the Group has implemented one quality management system, two scientific committees and professional technical committees and three functional systems, including patent system, pharmacovigilance system and clinical operation system. The total investments in R&D and projects during 2020 was over RMB1.5 billion.

The Group is accelerating the pace of globalization. Since 2015, the Group has not only held a high proportion of shares in two material associates, Sirtex and OncoSec (approximately 49% and 44%, respectively), but also established equity and product strategic cooperation with Germany based

Cardionovum GmbH ("**Cardionovum**"), Canada based Conavi Medical Inc, Australia based Telix, India based Glenmark Specialty S.A. ("**Glenmark**"), Belgium based eTheRNA, etc. Its presence has reached North America, Europe, Asia and other regions around the world. Together with its major associates, the Group has established production bases in the United States, Canada, German and Singapore, and has a world-wide marketing network in more than 60 countries and regions, and has taken part in R&D centers located in United States, Australia and Beligium.

"Maintain stable growth, strive in innovation and decide the layout", upon the principles of meeting the needs of patients, adapting to market development and insisting on technological innovation as well as the development concept of "comprehensive strengths, innovation barriers and global expansion" and the strategy of "dual-wheel driving development of independent R&D, global expansion and dual-cycle operation", the Group has formed a new pattern of domestic and international cycles that synergize with each other, and is committed to becoming a international pharmaceutical company of technological innovation, delivering on its promises for doctors and patients, and making significant contribution to the society.

Business Review

Revenue

For the year ended 31 December 2020, the Group recorded revenue of approximately HK$6,352.92 million, representing a slightly decrease of approximately 3.6% as compared to the corresponding period in 2019. If excluding the impact of RMB exchange rate changes, the Group's revenue decreased by approximately 2.7% as compared to the corresponding period in 2019. The decrease was mainly derived from the impact of COVID-19 epidemic, certain hospitals were restricted for access during a period of time and temporary suspended provision of non-emergency services, and thus put pressures in the sales of prescription drugs. In the meanwhile, the Group's continuous expansion of the out-of-hospital market and strengthening of cooperation with various e-commerce platforms resulted a substantial growth in the sales of over-the-counter drugs on e-commerce platforms and retail pharmacies, which offset the drop of prescription drugs. During the year, since the Group continued to optimize its profit structure, constantly promoted the development strategy of innovative and barrier drugs, and focused on promoting the sales of innovative high-barrier and high-margin products, the Group's gross profit margin was approximately 63.5%, which was 2.2 per cent points more than the gross profit margin of 61.3% for the corresponding period in 2019.

The profit for the year attributable to owners of the Company for the year ended 31 December 2020 amounted to approximately HK$1,792.66 million (2019: HK$1,150.95 million) which including the gain from in Telix amounted to approximately HK$268.31 million, with an increment of approximately 55.8% as compared with the same period of last year. If disregarding the fluctuation of exchange rate between RMB and HK$, for the year ended 31 December 2020 the profit attributable to the owners of the Company increased by approximately 57.2% as compared to the same period of last year. If disregarding the gain from in Telix, the profit attributable to the owners of the Company amounted to approximately 1,524.35 million, increased by approximately 32.5% as compared to the same period of last year.

Pharmaceutical Preparations and Medical Devices

Pharmaceutical products and medical devices are currently the major sources of profit contribution of the Group. Major products include respiratory and ENT medicines, cerebro-cardiovascular emergency medicines and medical devices. For the year ended 31 December 2020, the revenue from pharmaceutical products and medical devices was approximately RMB3,632.65 million, representing a decrease of approximately 3.5% as compared to revenue of approximately RMB3,763.05 million for the corresponding period in 2019, which was mainly due to the decrease in the sales of prescription drugs.

- Respiratory and ENT medicines and devices

  In recent years, the Group has devoted to building the most comprehensive supply chain of respiratory and ENT medicines in the PRC, covering the prescription drugs, over-the-counter drugs, Chinese medicines, medical devices, medical consumables and healthcare products, etc., and providing treatment solutions and care to medical professionals and patients. For the ophthalmic aspect, the Group has multi-channel industrial advantages and strong brand awareness in the market. Taking full advantages of multi-product portfolio, which has rapidly

penetrated to the grassroots market and retail terminals, coupled with the online promotion strategy of e-commerce platforms, the Group and product brands have gained widespread recognition among consumers. There will be launching of new products in the future to enhance the competitiveness of the Group in the respiratory and ENT medication field. During this year, the revenue from respiratory and ENT medicines and devices was approximately RMB1,939.72 million, representing a decrease of approximately 11.0% as compared to the corresponding period in 2019, which was mainly due to a certain degree of impact during the epidemic on the sales of respiratory and ENT products, in particular prescription drugs, and decrease in the number of visits for respiratory diseases, of which:

- Ophthalmic: For the year ended 31 December 2020, the revenue from ophthalmic products of the Group was approximately RMB754.55 million, representing an increase of approximately 0.9% as compared to approximately RMB748 million for the corresponding period in 2019. The core over-the-counter eye drops "Rui Zhu" achieved remarkable results and satisfactory sales growth in the vigorous expansion of e-commerce platforms and pharmacy retail. The revenue for the year was approximately RMB195.32 million, representing an increase of approximately 28.6% as compared to approximately RMB151.93 million for the corresponding period in 2019.

- Respiratory and ENT: For the year ended 31 December 2020, the revenue from respiratory and ENT products of the Group was approximately RMB1,185.17 million, representing a decrease of approximately 17.2% as compared to approximately RMB1,431.09 million for the corresponding period in 2019. The major product "Qie Nuo" is an exclusive product of the Group and was listed in the Procurement Catalogue of Huoshenshan and Leishenshan Hospitals during the epidemic, yet the number of visits of patients with respiratory problems dropped significantly and the sales of prescription drugs fell inevitably due to the suspension or attendance restriction of some hospitals in the PRC during the epidemic. The relief of the epidemic in the second half of the year prompted a certain degree of recovery in the sales. During the year, the revenue from "Qie Nuo" was approximately RMB707.19 million, representing a decrease of approximately 22.3% as compared to the corresponding period in 2019. Meanwhile, the revenue from the Jinsang series, which are prescription drugs, has also decreased by approximately 11.3% to approximately RMB342.5 million due to the above reasons.

- Cerebro-cardiovascular medicines and medical devices

  The Group's cerebro-cardiovascular emergency products mainly cover the fields of platelet inhibitors, blood-pressure control, vasoactive drugs, etc., in which the platelet inhibitors injections and vasoactive drugs are in the leading position of the PRC market. With the excellent clinical effects of the above products, the increasing recognition of and reliance on the Group's products among medical professionals and patients, and the steady expansion of the hospitals' coverage networks, for the year ended 31 December 2020, the revenue from the Group's cerebro-cardiovascular medicines was approximately RMB1,326.24 million, representing an increase of approximately 13.5% as compared to the corresponding period in 2019. Among which, four core products, namely "Li Shu An", "Nuo Fu Kang", "Xin Wei Ning" and "Rui An Ji", have contributed a revenue of approximately RMB1,213.55 million in aggregate, representing an increase of approximately 10.2% as compared to the corresponding period in 2019.

Bio-technology Products and Health Products

The bio-technology products and healthcare products of the Group include Taurine, amino acid products, bio-pesticides, bio-feed additives and steroid products, etc. During the year, the revenue from bio-technology products and healthcare products was approximately RMB1,337.70 million, representing a decrease of approximately 2.5% as compared to the corresponding period in 2019. By virtue of the business expansion strategy of international business and healthcare business, the revenue from the Group's amino acid products was approximately RMB569.92 million, representing an increase of approximately 16.7% as compared to the corresponding period in 2019, and the revenue from products related to bio-pesticides and bio-feed additives also recorded an increase of approximately 10.4%. Since the completion of safety production rectification and acceptance of the production plant for steroid products, steroid products will bring revenue contributions to the Group in coming years.

Specialized Pharmaceutical Raw Materials and Other Products

Specialized pharmaceutical ingredients and other products are the relatively stable segment among the product segments of the Group. As an important part of the front end of the integrated supply chain of pharmaceutical ingredients and products, the Group has always been proactively improving technology level and product quality, reforming the product production technology to increase efficiency, and adjusting the product matrix to enhance market competitiveness and improve economic efficiency. However, subject to the overall decline in the pharmaceutical industry owing to the epidemic, the relevant revenue of this segment recorded approximately RMB683.58 million which is similar to those in the same period of last year.

Distribution Costs and Administrative Expenses

For the year ended 31 December 2020, the distribution costs and administrative expenses were approximately HK$1,860.08 million and HK$685.24 million respectively, as compared to approximately HK$2,239.49 million and HK$609.62 million respectively for the corresponding period in 2019. The decrease in distribution costs was mainly due to impact of the epidemic in the first half of the Year on the market development and team expansion of sales representatives to a certain extent, and it has gradually returned to normal operation in the second half of the Year. The distribution costs accounted for approximately 29.3% of the revenue for the Year, which was slightly lower than that of approximately 34.0% for the corresponding period in 2019. During the epidemic in the first half of the Year, the Group followed the epidemic prevention measures adopted in the national policies, such as home office, resulting in a decrease of approximately 12.4% in the overall administrative expenses as compared to the corresponding period in 2019.

Finance Costs

For the year ended 31 December 2020, the Group's finance costs amounted to approximately HK$115.42 million as compared to approximately HK$146.50 million for the corresponding period in 2019. During the Year, the Group adjusted its loan portfolio by taking advantage of the consecutive supportive policies for industries introduced by the central and local governments, resulting in a significant decrease of approximately 21.2% in the overall finance costs.

Research and Development Investment

For the year ended 31 December 2020, the Group invested a large amount of funds for the pre-clinical research, clinical trials, listing and registration phases of research projects, which generated a total of HK$219.31 million in the research and development expenses. If the advance payment for new projects is added, the total research and development investment expenditures amounted to RMB1.5 billion.

Research and Development

The Group is one of the earliest domestic pharmaceutical companies that have performed transformation of technological innovation and internationalization, devoting itself to building a system of innovative R&D and outstanding talents. The Group has formed a unique layout and concept of technological innovation and development via active cooperation with the world-leading pharmaceutical companies, universities and scientific research institutions. In line with the strategic concepts of international layout, differentiated innovation and professional development for core therapeutic areas, the Group has formed a product layout which focuses on four major segments, including tumor treatment, cerebro-cardiovascular precision interventional diagnosis, anti-virus and anti-infection and respiratory and ENT. The Group's comprehensive layout in the tumor field reflects the forward-looking, technological and innovative concepts of tumor treatment. On the one hand, it combines traditional radiotherapy with modern technology to develop SIR-Spheres® Y-90 resin microspheres and RDC drugs. On the other hand, it creates new tumor immunotherapy products, such as oncolytic viruses, DNA immunotherapy and mRNA tumor vaccines, etc., to solve the ineffectiveness and drug resistance of tumor immunotherapy. For cerebro-cardiovascular precision interventional diagnosis, the Group is committed to building a world-leading pan-vascular precision interventional diagnosis platform, covering coronary artery, peripheral vascular disease, neurological intervention and structural cardiac disease, which will further expand to the field of electrophysiology and heart failure, so that a comprehensive layout may be achieved. Apart from the field of anti-tumor and cerebro-cardiovascular precision intervention, there are also a number of world's first-in-class innovative drugs in the two important core therapeutic areas of anti-virus and

anti-infection and respiratory and ENT. At present, the Group has sufficient and reasonable R&D pipelines comprised of 107 projects under research and 43 innovative projects, involving in different stages from pre-clinical to new drug application, and thus forming a good echelon effect.

For R&D team and platform, the Group and its associates have more than 500 R&D personnel, including nearly half of the talents with master's or doctorate degrees, and over 30 prestige scientists worldwide. The Group has taken part in four major technology R&D platforms (radionuclide-drug conjugates technology platform, DNA R&D technology platform, mRNA R&D technology platform and Glycomics R&D technology platform) and five major R&D centers (the International R&D Center in Optics Valley in Wuhan (under preparation of construction) as well as four major overseas R&D centers) around the world. For R&D investment, in addition to increasing R&D investment in product pipelines, the Group also increased investment in the construction of R&D platforms. The total investments in R&D and projects during 2020 was over RMB1.5 billion. The International R&D Center in Optics Valley in Wuhan commenced construction works during the first quarter of 2021, in which will cover pharmaceutical ingredients R&D, peptidomics, high-end preparations and other specialized R&D platforms.

Along with the high-level R&D capability, fruitful R&D results have been achieved during the year, including one medical device registration certificate (APERTO, a drug-coating balloon). Four projects pass or are regarded as passing the consistency evaluation and eight products complete the R&D milestones.

Technology Innovative Pipeline

- **Cerebro-cardiovascular Precise Intervention**

  In the field of cerebro-cardiovascular precision intervention, the Group has six innovative products covering three directions, including vascular intervention (coronary artery intervention and peripheral vascular intervention), neurological intervention and structural cardiac disease. Among which, two products for coronary artery and shunt restenosis in arteriovenous fistulas were approved to launch and other products are underway orderly. In the future, the Group will also comprehensively deploy in the fields of electrophysiology and heart failure, striving to build a world-leading cerebro-cardiovascular precision interventional diagnosis platform.

  Germany-based Cardionovum has three drug-coating balloon products that specialize in vascular intervention, covering three sectors of coronary, arteriovenous fistula and peripherals. Among them, RESTORE DEB, being the only coronary drug-coating balloon for the treatment of two indications (de novo coronary artery lesions and in-stent restenosis), was granted the "medical device registration certificate" by the NMPA in September 2019. Compared with the commonly used stents in clinical practice, given there are no external objects being implanted, balloon therapy is able to retain an opportunity for subsequent treatment, while reducing the risks caused by inflammation and thrombosis. The coated anti-cell proliferation drugs may inhibit vascular intimal hyperplasia for a long time. Such concept of "intervention without implantation" represents a new trend in cardiovascular interventional therapy. Currently, the marketing campaign for this product has been fully rolled out. In April 2020, APERTO OTW, the first drug coating balloon for the treatment of shunt restenosis in arteriovenous fistulas in hemodialysis patients, was also granted the medical device registration certificate by the NMPA. This product has the dual characteristics of high pressure resistance and drug coating. Compared with ordinary high pressure balloon, APERTO OTW has an overwhelming advantage in the patency rate of target lesions at six months after surgery. It is a revolutionary product by making a significant contribution to extend the lifetime of fistula and improve the quality of life of dialysis patients. In addition, the product LEGFLOW OTW for peripheral vascular diseases has also entered into clinical research stage and is expected to be launched in 2024.

  In the field of neurointervention, the Group has a stent retriever product against ischemic stroke, LONG. With reference of mature interventional technology and stent of coronary and peripheral, neurological stent retriever can extend an ischemic stroke patient's treatment window from 6 hours to 24 hours of drug treatment, becoming a new clinical method for treating cerebral stroke. Such product is a critical step for the achievement of the Group's target of "treating the heart and brain with the same therapeutic method". Currently, the product is in the pre-clinical research stage and is expected to enter into clinical stage in 2021

and obtain the approval for launch from the PRC in 2024. The Group also reserved a coronary diagnosis product NOVASIGHT Hybrid, which combines intravascular ultrasound/optical coherence tomography and can simultaneously show the ultrasound and optical image with the same direction, axis and phase. It is also the first intravascular ultrasound/optical coherence tomography system approved by the U.S. Food and Drug Administration ("**FDA**") with promising prospect in the field of coronary artery imaging and intracavitary interventional surgery. This product has already been launched in the United States, Canada and Japan, and was enrolled in the special review approval process of innovative medical device in 2019 for registration in China. Currently, the product has entered into the clinical stage and is expected to obtain the approval for launch from the PRC in 2022.

In terms of structural cardiac disease, the Group has a 3D intracardiac echocardiography product, FORESIGHT ICE. FORESIGHT ICE is a 3D intracardiac echocardiography imaging system, which can offer an immediate and direct intracaval imaging information with high precision. It can make significant contribution in radiofrequency ablation or preoperative diagnosis and intraoperative guidance of structural heart disease. This product obtained approval for commercialization in United States and Canada, and it is actively prepared for the clinical registration works in China.

- **Anti-tumor Field**

In the field of tumor treatment, the Group currently has 12 products under research, covering 9 tumor indications. Through the product portfolio, the Group expands into internal medicine, surgery, interventional medicine, nuclear medicine and other departments to form a multi-disciplinary synergy so that tumor treatment products can serve patients in different areas and departments. The Group actively explores the development channels and sales channels of tumor products globally and strives to become a leading innovative technology enterprise in the anti-tumor area across the world.

SIR-Spheres® Y-90 resin microspheres, the main product of Sirtex (as an associate of the Group), are used in selective internal radiation therapy for malignant liver tumors and are the world's only radioactive microspheres formally approved by the FDA. It has been used by over 100,000 people in 50 countries and regions around the world and has been included in the National Comprehensive Cancer Network (NCCN), the European Society for Medical Oncology (ESMO) and other authoritative treatment guidelines as well as several authoritative clinical practice guidelines for liver cancer at home and abroad. In June 2020, the exemption from an investigational new drug ("**IND**") application of SIR-Spheres® Y-90 resin microspheres was formally accepted by Center for Drug Evaluation, NMPA of the PRC, while a NDA was officially submitted to and accepted by the NMPA of the PRC in November 2011. It is expected that the product will be approved for launch at the end of 2021 in the PRC.

In the field of RDC, the Group has carried out in-depth layout. It has obtained the exclusive development, production and commercialization rights of 6 global innovative radionuclide-drug conjugates covering 3 cancer types, namely prostate cancer, cell renal cell carcinoma and glioblastoma, in the Greater China Region from Australia based Telix. RDC is a unique and innovative field that has developed rapidly in recent years. Molecular probes and radionuclides are coupled through coupling agents to target tumor cells. This is the first time that radionuclides have reached a molecular level of diagnostic and therapeutic technology, which in turn could realize the clinical integration of diagnosis and treatments. The new drug application of TLX591-CDx, a diagnostic RDC drug for prostate cancer, has been accepted by the FDA in the United States. TLX250CDx, a diagnostic product for clear cell renal cell carcinoma, has been granted breakthrough therapy designation by the FDA in the United States. TLX101, a diagnostic and treatment product for glioblastoma, has been granted orphan drug designation by the FDA in the United States. TLX591-CDx is the world's innovative radionuclide-antibody conjugated diagnostic radiopharmaceutical product targeting prostate-specific membrane antigen (PSMA) and is suitable for diagnosis of metastatic prostate cancer. It is currently the fastest RDC project under development using Positron Emission Tomography (PET) for the imaging of prostate cancer, expected to be the first approved radiopharmaceutical product by the FDA. The clinical work on the other 5 products is also well underway. In the field of radiopharmaceuticals, the Group has forward-looking insights into the industry's growth and future development space by deploying an early layout for Sirtex's SIR-Spheres® Y-90 resin microspheres and Telix's RDC products. The obtaining of the relevant qualifications to carry out radiopharmaceutical operations in the PRC upon acquisition of Beijing Puer Weiye

Biotechnology Co., Ltd. ("**Puer Weiye**") and the forming of strategic partnerships with Jiangsu Institute of Nuclear Medicine and the Nuclear and Radiation Safety Center of the Ministry of Ecology and Environment are important strategic layouts for the Group to continue to deepen its development in the field of radiopharmaceuticals. It continues to build barriers to innovation through the layout of radiopharmaceutical projects in clinical and early R&D stage, hoping to become a global leader in the field of radiopharmaceuticals.

The world's first gene immunotherapy product OncoSec TAVO™, as a potential treatment for refractory metastatic melanoma, applies TAVO electroporation (TAVO-EP) delivery system to inject DNA-based interleukin-12 ("**IL-12**") inside tumors. IL-12 is a natural protein with powerful immune stimulation to stimulate the human immune system to target and attack cancers. TAVO™ was granted Fast Track designation by the U.S FDA in 2017 and as an orphan drug for the treatment of unresectable metastatic melanoma. Currently, a registration-enabled phase IIb clinical trial for the treatment of anti-PD-1 checkpoint resistant metastatic melanoma with the pure anti-PD-1 drug KEYTRUDA® (Generic name: pembrolizumab) is underway. The interim data of the experiment demonstrated excellent clinical efficacy and safety. In terms of clinical efficacy, in a clinical trial with 100 planned patients, the ORR of the first 54 patients was 30% and the complete response (CR) rate was 6%, which was much higher than the primary efficacy endpoint for the study determined by blinded independent review (a 20% ORR); and in terms of safety, only 5.4% of patients suffered grade 3 treatment-related adverse events and there were no grade 4/5 treatment-related adverse events. It is expected that OncoSec can apply for accelerated approval with the U.S. FDA based on the final ORR data from this phase IIb clinical trial. Clinical studies on indications such as TAVO™ triple-negative breast cancer and squamous cell carcinoma is undergoing steadily. As a platform technology, TAVO™ can also be extended to the field of infectious disease vaccines. In April 2020, CORVax12, a DNA vaccine against COVID-19 jointly developed by OncoSec and Providence Cancer Institute, has obtained IND approval from FDA and a first-inhuman Phase I Investigator-Initiated trial was launched. CORVax12 is the DNA vaccine based on TAVO™ electrotransfer technology, which is expected to provide a new pathway for research and development of COVID-19 vaccine.

The Group and Belguim based eTheRNA established a joint venture company Nanjing AuroRNA Biotech Co., Ltd. ("**AuroRNA Biotech**") in Nanjing. AuroRNA Biotech will have R&D and production platforms with advanced mRNA technology and LNP technology for tumor immunotherapy as well as research, development and production of mRNA vaccine for infectious disease. AuroRNA Biotech will have a global innovative mRNA product for HPV-positive head and neck cancer introduced from Belguim based eTheRNA. By triggering an adoptive immune response in the body, it can be used in combination with existing tumor immune checkpoint inhibitor to effectively increase the response rate of patients with cancer and improve their clinical prognosis. The product is currently in the pre-clinical development stage.

In order to strengthen the in-depth development in the tumor immunity field, the Group introduced a worldwide innovative Vesicuar Stomatitis Oncolytic Virus product ("**VSV-GPM**") REV-001 for the treatment of colorectal cancer from Shanghai Revolmmune Therapeutics Biotechnology Limited ("**Revolmmune**"). This product is the only oncolytic virus that does not insert exogenous genes, where the genetically modified virus enhances the selectivity of tumor cells, but is less toxic to normal cells. In addition, the virus genes will not be integrated into the human cell genomes and has no risk of genotoxicity with higher safety. REV-001 targets the RAS protein of refractory tumors. Refractory tumors with this target have high incidence rate, high malignancy and high fatality rate. Currently, there is no effective treatment method for the targeted refractory tumors. The product is currently in the pre-clinical development stage.

- **Anti-virus and Anti-infection Field**

For the anti-virus and anti-infection field, the Group currently has three global innovative drugs with new mechanisms of action in the research pipeline, of which two products are used for the treatment of sepsis and one product is used for the treatment of parainfluenza. The Group's layout in this field is based on the in-depth exploration of unsatisfied clinical needs. The forward-looking layout in respect of sepsis, viral infections and other diseases that pose a major threat to human health not only broadens the product pipeline of the Group, but also increases the comprehensive competitiveness and risk-resistant capability of the Group in the

entire industry.

The clinical progress of STC3141, a world-wide innovative drug for the treatment of sepsis, was rapid and Phase Ib clinical research for the treatment of ARDS was approved to commence in the PRC in March 2021. The Phase II clinical research, for the treatment of ARDS caused by COVID-19 infection and Phase Ib clinical research for the treatment of sepsis were approved to commence in Australia in May 2020. Currently, the first patient has been dosed in Phase Ib clinical trials for the treatment of sepsis. APAD, another drug of the Group for the treatment of sepsis, has undergone compound screening and is in the pre-clinical development stage currently. APAD can antagonize a variety of pathogen-related molecules, and can treat sepsis caused by bacterial and viral infections. It is complementary to the STC3141 on antagonizing the excessive immune response of the body to treat sepsis. Sepsis, commonly known as blood poisoning, is an immune system disorder caused by infection, which can lead to life-threatening organ dysfunction. It is a common fatal complication of patients with severe infections such as burns, trauma and major surgery and tumors. Sepsis affects more than 31.5 million people worldwide each year, of which over 19.4 million patients are with severe sepsis, and the fatality rate of severe sepsis is higher than a quarter. By far, there is a lack of available targeted drugs for sepsis, a disease with relatively high incidence and fatal rate, indicating an urgent clinical demand for sepsis drugs and tremendous market potential.

The new parainfluenza drug jointly developed by the Group and Griffith University is another key deployment of the Group in the field of anti-virus and anti-infection. The product is a global innovative small molecule compound based on protein structure design with a clear mechanism of action. It binds the hemagglutinin-neuraminidase (HN) protein that covers the parainfluenza virus (HPIV) and stops the virus from entering the host cell for replication and reduces the number of parainfluenza virus particles with the aim of curing parainfluenza infection. HPIV is a common pathogen of community-acquired respiratory tract infections. Among children hospitalized with lower respiratory tract infections, HPIV is the second largest pathogen after respiratory syncytial virus (RSV). Children, the elderly and people with immune deficiency are the main susceptible groups. Such people are prone to severe symptoms such as bronchitis, pneumonia and even respiratory failure after HPIV infection with a certain fatality rate. Currently, there are no available drugs and vaccines approved for the treatment of HPIV infection in the world, which implies unsatisfied clinical needs. At present, new parainfluenza drugs are in the stage of compound screening.

- **Respiratory and ENT Field**

Respiratory and ENT are the traditional fields of strength of the Group. In order to further strengthen the innovation reserve in this field, consolidate its dominant position in the market and enhance its competitiveness, the Group has deployed three innovative drugs in this field to further improve the product system of this field.

BRM421 is the global innovative product for the treatment of dry eye disease introduced by the Group from BRIM Biotechnology, Inc. This product is small molecule peptide eye drops that can accelerate the division and proliferation of limbal stem cells, and in turn stimulate the repair of ocular surface for curing the dry eye disease. According to the "Consensus in the Diagnosis and Treatment of Dry Eye Disease (2013) (乾眼臨床診療專家共識(2013 年))", the incidence rate of dry eye disease in China is approximately 21-30% but the overall medical consultation rate is relatively low and the available treatment options are limited, which indicates there are still huge and unsatisfied clinical needs in this treatment field. The therapeutic products for dry eye disease that are currently available in overseas market and are expected to be launched in China in the coming years such as cyclosporine eye drops, generally take three to six months to take effect and is obviously irritating to eye. According to the Phase II clinical study data completed in the United States, the BRM421 product has high safety and low irritation, as well as the potential to quickly alleviate the symptoms of dry eye disease within two weeks. Currently, the product is under steady progress of registration in the PRC.

The CBT-001 product for the treatment of pterygium from Cloudbreak Bio-Pharmaceutical Science and Technology (Guangzhou) Co., Ltd. and CloudBreak Therapeutics LLC (collectively the "**Cloudbreak**") is another global innovative product in the field of ophthalmology obtained by the Group. Pterygium is a common chronic inflammatory and

proliferative ocular surface disease. It is usually found at the corner conjunctiva and may gradually affect the cornea, causing astigmatism or blocking the pupil, which results in diminution of vision and even blindness. According to statistics, the overall prevalence of pterygium is about 10%, and it may increase in direct proportion with age. In China, the prevalence of people over 40 years old is about 13.4% or nearly 90 million patients. Currently, there is no specified medicine for the treatment of pterygium. This shows that there are still huge and unsatisfied clinical needs in this field. CBT-001 is an innovative and improvement from an existing drug, Nintedanib, which is used for the treatment of pulmonary fibrosis. It inhibits neovascularization and tissue fibrosis. Currently, phase II clinical trial has been completed in the United States. It has high safety and significant clinical efficacy, and can inhibit the growth of pterygium and control the deterioration of the disease. It is planned to commence a global multi-center phase III clinical trial for CBT-001 in 2021 to facilitate the commercialization. Currently, it is under evaluation to include the Chinese region in the global multi-center phase III clinical trial. If approved, it is expected to speed up the approval of the commercialization of CBT-001 in China.

Ryaltris, the new compound nasal spray, is a product that the Group has been granted the exclusive commercialization rights in China by Glenmark. The product contains olopatadine (665 mcg) and mometasone (25 mcg). It is a new type of glucocorticoid and antihistamine compound nasal spray for the treatment of seasonal allergic rhinitis in patients over 12 years old. Glenmark has completed the phase III clinical study of Ryaltris and filed an NDA application to the FDA, which is currently under review. In addition, the product has been approved for listing in Australia, and the IND application for import registration in the PRC is also under preparation.

R&D Team

The Group has taken part in four major technology R&D platforms and five major R&D centers around the world. The Group has over 30 prestige scientists worldwide. The global R&D center has begun to take shape, and the globalized R&D planning has gained progressive achievement. The Group and its associates have 526 R&D personnel in total (including overseas R&D teams such as Sirtex and OncoSec), representing a significant increase more than 70% as compared to the corresponding period of 2019, among which, 258 persons hold master's or doctorate degrees, accounting for nearly 50%, with over 300 personnel in the direct R&D team. All professional leaders and core team members of each segment have academic background in clinical medicine or pharmacy, while some of whom also have overseas education or working experience.

Establishment of R&D Headquarters

The Group plans to invest over RMB50 million in establishing the China Grand Pharmaceutical Optics Valley Joint Laboratory located in Wuhan, Hubei. The laboratory adopts an intelligent management system and focuses on innovative drugs, rare disease drugs, precision medicine, biosynthesis and other fields, covering pharmaceutical ingredients R&D, peptidomics, high-end pharmaceutical products and other specialized R&D platforms.

Consistency Evaluation

During this period, finasteride tablets, glipizide tablets, captopril tablets and milrinone injection have been approved to pass or deemed to pass the consistency evaluation, among which, glipizide tablets and milrinone injection were the first of their varieties to have passed the evaluation, and nimesulide tablets have been refiled. As of now, a total of seven products of the Group have been approved to pass the consistency evaluation (sodium bicarbonate tablets, metronidazole tablets, trimetazidine tablets, glipizide tablets, finasteride tablets, captopril tablets and milrinone injection), while seven other products are under evaluation (lafutidine tablets, norepinephrine bitartrate injection, adrenaline hydrochloride injection, tirofiban hydrochloride and sodium chloride injection, nimesulide tablets, indapamide tablets and metoprolol tartrate tablets).

Intellectual Property Protection

During the period under review, the Group filed for over 20 core patents and 60 peripheral patents and received over 80 invention patents, in which nearly a half are authorized invention patents. Cumulatively, the Group has obtained over 300 valid patents, including over 200 invention patents and over 100 utility model patents and apparel design patents.

For innovative drugs, the core PCT patents of ARDS and sepsis for the STC3141 have been filed in 11 countries or regions and the transfer of the patent rights of core compound for APAD has been completed; while the core PCT patents of the new parainfluenza drug were further granted in 17 countries or regions in Australia and Europe and patent protection has been established in Australia, Europe and the United States. The patent of the carrier technology of mRNA project has been filed under PCT, and it is planned to enter major countries or regions including China; three core patents of oncolytic virus have been filed; eight patents and six authorizations have been newly granted for drug-coated balloons and LONG (stent retriever).

Material investment, M&A and Cooperation

During this period, the Group continued to implement the development strategy of "self-development + global expansion", further exploring high-quality innovative projects around the world to expand the Group's product pipeline and enhance the Group's comprehensive strengths, and putting vigorous efforts in transformation towards innovation and internationalization. On the one hand, the Group has gained innovative ophthalmic and ENT drugs by relying on the existing advantageous areas such as respiratory, ophthalmic and ENT. On the other hand, with a focus on the three major directions of "cerebro-cardiovascular precise intervention field" and ""radionuclide and anti-tumor immunology platform" and "anti-viral and anti-infection field", the Group has continued the expansion and development strategy in respect of domestic and overseas projects. While building a "cardio-vascular precise intervention treatment platform", the Group explored worldwide innovative anti-infection drugs and expanded to the sector where gaps in the treatment still exist with urgent clinical needs. Leveraging on the Group's outstanding commercialization and business development capabilities as well as sufficient cash flow, the Group's domestic and overseas project reserves are abundant at this stage, while the M&A projects are progressing steadily as well.

- **Development and Commercialization Rights of a World-wide First Developed New Drug APAD for Sepsis**

  In March 2020, the Group entered into a technology transfer agreement with Chongqing AnTi New Bio-technology Limited ("**AnTi New Bio-Tech**") to obtain the technological and related intellectual property rights around the world (in which AnTi New Bio-Tech will keep certain development and commercialization rights in places other than the Greater China Region) for a world-wide first developed new drug APAD which is used for the treatment of sepsis from AnTi New Bio-Tech, and to be able to develop, manufacture and sell related products. APAD is an innovative drug with a mechanism of antagonizing broad-spectrum pathogen-associated molecule. In terms of the effect of sepsis treatment, APAD is complementary with the STC3141. In addition, it is expected to share the R&D resources with the STC3141 to create synergy.

- **Licensing Cooperation for a New Drug CBT-001 for Treatment of Pterygium**

  In April 2020, the Group entered into a product licensing agreement with Cloudbreak to obtain an exclusive production (including technology transfer) and commercialization right in the Greater China Region for a worldwide innovative product CBT-001 developed by Cloudbreak with a coverage of the application of CBT-001 over all indications including pterygium, and to enjoy the priority cooperation rights to interests in the Greater China Region for other pipeline product candidates. In addition, the Group will subscribe for the shares of Cloudbreak Therapeutics LLC ("**Cloudbreak Cayman**") at the consideration of approximately USD5.63 million, which will represent approximately 7.07% equity interest of the enlarged share capital of Cloudbreak Cayman after it completes the reorganization. The Group introduced the first globally innovative pterygium product in the ophthalmic sector, which further enriched the product pipeline in such sector.

- **Subscription for Equity Interest in eTheRNA and Exclusive Strategic Cooperation for mRNA Platform**

  In May 2020, the Group entered into an equity investment agreement with eTheRNA, which is located in Belgium, to make an equity investment of EUR 9 million in eTheRNA after relevant conditions being fulfilled. Upon full completion of the equity investment, the Group will obtain approximately 13% of the class B preferred shares of eTheRNA. At the same time, the

Group has agreed certain terms for strategic cooperation (subject to further negotiation), including but not limited to setting up a joint venture company, introducing the mRNA production technology of eTheRNA, performing independent R&D, production and commercialization activities in the fields of tumor immunology and infectious disease prevention, as well as obtaining the exclusive development and commercialization rights of eTheRNA's pipeline projects under research in the Greater China Region. The expansion of the mRNA vaccine platform technology may further optimize the Group's planning in the fields of tumor immunotherapy and infectious disease treatment.

- **Investment in CNCB Fund**

  In June 2020, the Group entered into a subscription agreement to invest in CNCB Grand Healthcare Investment Fund LP ("**CNCB Fund**"). Pursuant to the subscription agreement, the Group made a capital commitment of US$50 million (equivalent to approximately HK$390 million) and the fund is intended to raise a total of US$200 million. Through direct or indirect investments in securities, instruments and assets in different areas, including but not limited to the world's leading pharmaceutical companies and pharmaceutical device manufacturers (with a primary focus on biopharmaceutical, cerebro-cardiovascular, ophthalmology, tumor treatment and other areas), CNCB Fund will be able to share the Group's R&D and financial risks in such investments, while further expanding the scope of development and enhancement of innovative projects.

- **Equity Subscription of Revolmmune and Licensing Cooperation of World-wide Innovative Vesicular Stomatitis Virus Product**

  In July 2020, the Group entered into an equity investment agreement with Shanghai Revolmmune Therapeutics Bio-technology Limited (the "**Revolmmune**") to invest RMB30 million in Revolmmune and acquired approximately 9.7% equity interest in Revolmmune upon fulfillment of relevant conditions. At the same time, the principal terms of the product transfer and development cooperation with Revolmmune are subject to further negotiation in order to obtain the global exclusive rights of the VSV-GPM product developed by Revolmmune for the treatment of colorectal cancer (including the global development, production and commercialization rights of the product) and the priority cooperation rights of other products developed by Revolmmune, which further strengthened the Group's presence in the fields of precise intervention therapy and tumor immunology.

- **Investment in Nanjing Fund**

  In July 2020, the Group committed to investing RMB100 million in Nanjing Chuangyi Dongyin Equity Investment Partnership (Limited Partnership) ("**Nanjing Fund**") of which the proceeds will be used for the investment in medical, healthcare, pharmaceutical and medical device projects.

- **Investment in the New Stent Retriever in the Field of Neurointervention**

  In July 2020, the Group, together with Nanjing Fund and Shanghai Hongsheng Enterprise Management Partnership (Limited Partnership), subscribed and acquired Nanjing Kainite by phases, upon satisfying relevant conditions of the agreement, the Group will ultimately hold 100% equity interest in Nanjing Kainite Medical Technology Company Limited ("**Nanjing Kainite**") and obtain five medical devices in the area of neurointervention including the third-generation thrombotic stent and its ancillary products for the treatment of ischemic stroke. The Group will expand its product pipeline in precision interventional therapy and build an integrated platform for the R&D, production and sales of medical devices in cardio-cerebrovascular intervention therapy.

- **Subscribe Shares of Telix and Exclusive Licensing of Six Nuclide–drug conjugates**

  In November 2020, the Group and Australia based Telix entered into a share subscription agreement, pursuant to which the Group invested US$25 million to subscribe approximately 7.6% equity interests of Telix after fulfilling the relevant conditions. In addition, the Group entered into an exclusive licensing, co-development and commercialization agreement with Telix and obtained the right of exclusive development, manufacturing and commercialization in the Greater China Region for its six innovative first-in-class RDC drugs which cover three

cancer types. The six products are TLX591 for treatment of prostate cancer, TLX591-CDx and TLX599-CDx for diagnostics of prostate cancer, TLX250 for treatment of clear cell renal cell carcinoma (ccRCC), TLX250-CDx for diagnosis of ccRCC and TLX101 for treatment of glioblastoma. The cooperation between the Group and Telix as well as the introduction of six radionuclide-drug conjugates will continue to promote the Group's expansion in the tumor field, which is conducive to the formation of the Group's comprehensive advantages of international layout, differentiated innovation and professional development in the tumor field.

- **Entered into Memorandum of Strategic Cooperation with Jiangsu Institute of Nuclear Medicine**

  In November 2020, the Group and Jiangsu Institute of Nuclear Medicine entered into a memorandum of strategic cooperation to reach an agreement on the development, manufacturing, testing and standard formulation, preclinical research and intellectual property of radionuclide-drug conjugates, and to establish a well-functioning mechanism for long-term cooperation, which will enhance the Group's capabilities in development, preclinical research and commercialization of radionuclide-drug conjugates. Jiangsu Institute of Nuclear Medicine is the Key Laboratory of Nuclear Medicine of the National Health Commission of the PRC, the Key Laboratory of Molecular Nuclear Medicine of Jiangsu Province, and the Key Discipline (Laboratory) of Nuclear Medicine of Jiangsu Province. The institute has become a research base of nuclear medicine that is influential both at home and abroad, integrating scientific research, clinical study, information collection and technology development. Under the strategic memorandum of cooperation entered into between the Group and Jiangsu Institute of Nuclear Medicine, the parties will jointly build a platform for radioactive pharmaceuticals, co-develop innovative radiopharmaceuticals, and accelerate the introduction of advanced technology as well as manufacturing, development and application of products that are under development or have been marketed overseas.

- **Acquisition of Puer Weiye**

  In November 2020, the Group and Puer Weiye entered into a share purchase agreement, pursuant to which the Group will acquire 100% equity interests in Puer Weiye for a consideration of not more than RMB10 million subject to conditions precedent. Upon completion of this acquisition, Puer Weiye will become a wholly owned subsidiary of the Group, and the Group will obtain the "Radioactive Pharmaceutical Production License" and "Radioactive Pharmaceutical Trading License", and obtain the relevant qualifications for the development, production and trading of various radionuclide-drug conjugates such as 68Ga, 177Lu, 89Zr, 90Y in Mainland China.

- **Entered into Cooperative Framework Agreement on Nuclear and Radiation Safety Center of the PRC**

  In November 2020, the Group and Nuclear and Radiation Safety Center of the Ministry of Ecology and Environment of the PRC ("**Nuclear and Radiation Safety Center**") entered into a cooperative framework agreement. The two parties share a common development strategy in radiation safety and environmental protection in use of nuclear technology, and will actively cooperate to build a strong partnership and achieve resource optimization by leveraging respective advantages. Nuclear and Radiation Safety Center of the Ministry of Ecology and Environment of the PRC is the only public welfare institution in China that specializes in nuclear safety and technical support for radiation environment supervision and management, which is responsible to provide a full scope of technical support for China's civil nuclear facilities and radiation environment supervision

- **Formation of AuroRNA Biotech and Establishment of mRNA Technology R&D and Production Platform**

  In November 2020, the Group has further entered into strategic cooperative agreement and product licensing agreement with Belgium based eTheRNA, pursuant to which the Group and eTheRNA will set up a joint venture company AuroRN in Mainland China to build an independent and integrated mRNA technology R&D and production platform to conduct R&D and production of mRNA technology. At the same time, AuroRNA Biotech will obtain the exclusive licenses of the world's innovative HPV-positive head and neck cancer products and in Greater China Region, as well as the right of first negotiation for future products. Formation

of AuroRNA Biotech and establishment of mRNA technology platform will further optimize the Group's strategic planning in tumor immunotherapy and infectious diseases treatment, and may create synergies with existing pipeline product.

- **Subscription for Equity Interest in Nanospectra**

  In December 2020, Sirtex, the Group's associate, and Nanospectra Biosciences Inc. ("**Nanospectra**") entered into a strategic investment agreement, pursuant to which Sirtex made US$1.5 million equity investment for approximately 6% of first round series B-1 preferred shares in Nanospectra and has the right to appoint a member in the board of director of Nanospectra, and has a limited duration exclusive right of first negotiation for development, production and commercialization rights in Europe and Asia of Nanospectra's world-class innovative medical device AuroLase® for solid tumor ablation in the field of precision anti-tumor intervention, as well as the exclusive right of first negotiation should Nanospectra seek to transfer a controlling interest in the future. Sirtex's cooperation with Nanospectra has expanded its product portfolio in oncology and precision intervention and enhanced its connection to R&D capability in tumor treatment and precision interventional diagnostics and treatment as well as strengthened its core competitiveness.

- **Subscription for Equity Interest in BlackSwan**

  In November 2020, Sirtex, the Group's associate, and American Based BlackSwan Vascular, Inc. ("**BlackSwan**") entered into a shares purchase agreement. Under the agreement, Sirtex will invest US$5 million in exchange for approximately 12.5% preferred shares in BlackSwan and Sirtex will appoint an observer member to the board of directors. In addition, Sirtex has an option to purchase the remaining shares of BlackSwan at a consideration of no more than US$41.5 million in aggregate, within a certain period of time upon the submission of pre-market approval (PMA) application of BlackSwan's products. In addition, Sirtex's cooperation with BlackSwan may further enrich Sirtex's product portfolio and expand into new indications for the SIR-Spheres® Y-90, which is expected to create synergies for the Group's existing products and R&D pipeline.

Other than stated above, the Group did not have other material acquisition or disposal during this year.

Investor Relations

The Group has been committed to improving its corporate governance to ensure the long-term development. During the year, the Group published annual and interim reports, and other announcements and circulars on the websites of the Company and the Hong Kong Exchanges and Clearing Limited, and issued voluntary announcements, so as to disclose the latest business developments of the Group to shareholders and investors.

Meantime, although the Group was unable to carry out large-scale on-site visits due to the epidemic, it maintained active and close contact with investors through various channels, and introduced the Group's business and development to investors through diversified communication methods including roadshows organized by securities companies, large-scale telephone conferences and one-on-one meetings. It also released information on the latest business development through different media channels, with an aim to establish an open, two-way, transparent and sincere communication platform, so that investors can immediately understand the business status and prospects of the Group. During the year, the Group held five promotion events such as new product briefings, results presentations and corporate days, and participated in dozens of summits, forums, conferences and roadshows held by large investment banks and securities companies, which attracted hundreds of institutional investors and analysts. Through communication with investors, the Group hopes to listen to more valuable opinions and extensively collect feedback from investors by establishing an active and efficient information and communication mechanism, so as to further enhance its corporate governance.

The Group's investor relations management helps to establish a high-quality corporate image and convey the core of technological innovation. It has been highly recognized in the industry in many aspects. The Group won the awards of the "3rd New Fortune HK Listed Company with the Best IR (H Shares)" in March 2020, "Most Growth Technology Listed Company (最具成長科技類上市公

司)" in November 2020 and 5th Golden Hong Kong Stock "Best Pharmaceutical and Medical Company" of 2020 (二零二零年度第五屆金港股「最佳醫藥及醫療公司」) in January 2021.

Outlook and Future Prospects

As the COVID-19 pandemic swept the world in 2020, the global economy has been hit hard. Benefiting from the effective control of the epidemic in China, the domestic pharmaceutical industry has forged ahead with a cumulative increase of 46% since the beginning of the year, making it one of the few industries to benefit from the epidemic. In order to better adapt to the epidemic and the new trend of domestic industry changes, the Group adheres to being driven by scientific and technological innovation, increasing investment in global innovative products and advanced technologies, so as to avoid the trend of low price competition of domestic homogenized drugs in the future. Implementing the strategy of "global expansion and dual-cycle operation", it is the target of the Group to consolidate its leadership among the industry participants with a strategic forward-looking vision of the world while establishing a firm foothold in the domestic market.

The gradually improved new RDC segment and another victory in radiopharmaceutical reserves

Given the fact that the homogeneous competition becomes increasingly tense and China's pharmaceutical industry has ushered in the decisive point of survival of the fittest since the development of the domestic pharmaceutical industry, the Group concentrates its attention on the innovative products and segments with high entry barriers that have not yet met clinical needs. In order to provide better medical solutions for patients around the world, the Group will continue to develop innovative products and advanced technologies while consolidating its advantageous areas.

In 2020, after SIR-Spheres® Y-90 resin microsphere, the Group continued to explore in the radionuclide pharmaceutical drugs. For the field of cancer diagnostics and treatment, the Group has reached strategic cooperation with Australia based Telix, Jiangsu Institute of Nuclear Medicine, Nuclear and Radiation Safety Center of the PRC and Puer Weiye, focusing on high-innovation, high-barrier RDC drugs, which is the Group's another major strategic deployment to keep exploring radioactive pharmaceuticals, so as to gradually improve the entire industry chain of radioactive pharmaceuticals. The Group currently has an innovative world-class radionuclide product, SIR-Spheres® Y-90 resin microspheres, and six innovative first-in-class radionuclide-drug conjugates introduced by the strategic cooperation with Telix, covering the diagnosis and treatment of liver cancer, prostate cancer, clear cell renal cell carcinoma and glioblastoma. The high barriers of radionuclide drugs are not only reflected in the difficulties of product research and development, but also in the acquisition of qualifications for the production and operation of RDC drugs. Through cooperation with outstanding enterprises and units in various fields such as research and development, production, sales and supervision, the industrial chain is gradually improving and the Group's comprehensive advantages in the field of radionuclide-drug conjugates have been consolidated. In the future, the Group will strive to build a world-leading platform for radionuclide-drug conjugates. Up to present, the Group possesses "Radioactive Pharmaceutical Production License", "Radioactive Pharmaceutical Trading License" and "Permit for Radiation Safety". It is expected that the Group will become the second Hong Kong listed company that is permitted to engage in radiopharmaceutical production, operation and development related businesses. RDC drugs are still in the early stage of development in China. According to Frost & Sullivan, entering a period of rapid growth, the compound annual growth rate of China's radiopharmaceutical industry is about 18.6%. It is estimated that the total domestic market will reach RMB10.6 billion in 2022. Both of the vast market space and comprehensive operating qualifications lay a solid foundation for the Group's sales of innovative first-in-class radioactive pharmaceutical. The Group is also expected to occupy a leading position in the RDC field in China.

Gradual appearance of comprehensive advantages under the in-depth layout in multi-pipelines and multi-platforms

2020 was a year full of turmoil and anxiety due to an epidemic. While the overall international economy took a hard hit, the pharmaceutical industry has been pushed to the position surrounded by challenges and opportunities and advanced in twists and turns under the effective domestic control of the epidemic. On one hand, the overall performance of medicines was flat due to the impact of centralized procurement while medical devices were under dual pressure from the epidemic and centralized procurement. On the other hand, the performance of immunization-related medical products as well as consumer medical equipment and services continued turning for the better during the epidemic. In other words, only the coordination of multi-fields and the expansion of the scope of business collaboration can promote the steady development of an innovative collaboration model in a turbulent competitive

environment.

After years of dedicating itself in exploring market shares, the Group has successfully transformed from a pharmaceutical ingredients factory to a technologically innovative international pharmaceutical company integrating pharmaceutical products and advanced medical devices. While retaining the businesses of pharmaceutical ingredients and core pharmaceutical preparations, the innovation pipeline focuses on the four core therapeutic areas of anti-tumor, cerebro-cardiovascular, anti-virus and anti-infection and respiratory and ENT. The Group prospectively implements a global innovation-driven deployment in cutting-edge technologies including precision interventional therapy, radionuclide-drug conjugates therapy and immunity therapy through obtaining a series of innovative pharmaceutical products that are globally exclusive with broad market prospects from the United States, Australia, Europe, Canada and other countries with first-class pharmaceutical capabilities by means of "self-development" and "global expansion". For the technological innovation, the Group has four major technology R&D platforms and five major R&D centers around the world. Expanding global innovative products and international cutting-edge technologies in four core areas, the Group's comprehensive strength is becoming much more complete. In the future, the Group will give full play to its own comprehensive advantages and continuously develop technical barrier products and branded pharmaceutical products. In order to establish its market leadership, the Group will keep enriching its innovative products to consolidate and strengthen the existing fields of comparative advantages by adhering to the dual-wheel driving development strategy of independent R&D and domestic and international investment and M&A.

Continuous extension of the innovative products pipeline and the harvest period of the innovative products

Compared with developed countries, the concentration of the domestic pharmaceutical industry is relatively low. Apart from the few exclusive products with high added-value and high innovation, most of the pharmaceutical companies are mainly engaged in generic drugs, leading a serious homogeneity of the pharmaceutical products. In addition, the national centralized procurement of drugs becomes a normalized operation mode, and the competitive landscape in the domestic pharmaceutical industry has further intensified. Facing such increasingly fierce industry environment, the continuous reserve of highly innovative and high-barrier products with global competitiveness becomes the hardcore power of an enterprise's sustainable development.

In recent years, the Group has orderly deployed the technological innovation achievements and continuously strengthened the external M&A to complete the rapid development. By making full use of the opportunities from integration of the domestic pharmaceutical industry and increased concentration, the depth and breadth of external M&A as well as the acquisition of high-quality resources shall be accelerated, so that the outreach growth may be achieved. In the field of cerebro-cardiovascular precision interventional therapy, two drug-coating balloon products, RESTORE and APERTO, have successfully completed commercialization. The Group will expand the market coverage of the two products through multiple channels and directions. The two in vitro diagnostic products, namely NOVASIGHT Hybrid (intravascular ultrasound/optical coherence tomography system) and FORESIGHT ICE (3D intracardiac echocardiography), have broad application prospects in terms of coronary artery imaging and intracavity intervention surgery. With reference of mature interventional technology and stent of coronary and peripheral, LONG (neurological intervention stent retriever product) can extend a patient's treatment window from 6 hours to 24 hours of drug treatment, becoming a new clinical method for treating cerebral stroke. The Group will accelerate the development of vascular imaging diagnostics and neurological interventional products, and further expand its deployment in terms of structural cardiac disease, electrophysiology and heart failure, with a goal of gradually building an innovative, high-barrier and sustainable platform for cerebro-cardiovascular precision interventional diagnosis and treatment.

The Group has been dedicated to the research and development of anti-tumor. It has 12 innovative pharmaceutical products globally, covering 9 major solid tumors (including hepatocellular carcinoma, colorectal cancer, ccRCC, prostate cancer, glioblastoma, metastatic melanoma, triple negative breast cancer, squamous cell carcinoma and HPV-positive head and neck cancer). The variety and quantity of the Group's product pipeline are at the leading level in this industry. SIR-Spheres® Y-90 resin microsphere, an innovative product in the field of anti-tumor, is a tumor interventional nuclide product with world-leading technology and the only radioactive microspheres approved by the FDA. It has been given to over 100,000 people in over 50 countries and regions around the world. With its remarkable clinical efficacy, SIR-Spheres® Y-90 resin microsphere has been covered by guidelines and

recommended for treatment in several counties around the world with clear clinical demands delineated. The launch of such global innovative product has been formally accepted by the NMPA last year, which is expected to bring a new treatment resolution to Chinese liver cancer patients soon. It was also recommended by National Institute for Health and Care Excellence (NICE) in March 2021 and approved by the FDA of United States to conduct clinical trials on primary liver cancer. In the field of anti-tumor, the new drug application of TLX591-CDx, a diagnostic RDC drug for prostate cancer, has been accepted by the FDA in the United States. TLX250CDx, a diagnostic product for clear cell renal cell carcinoma, has been granted breakthrough therapy designation by the FDA in the United States. TLX101, a diagnostic and treatment product for glioblastoma, has been granted orphan drug designation by the FDA in the United States. Overseas clinical studies of a variety of products are advancing simultaneously. In the field of tumor immunotherapy, the clinical trial of TAVO™, the world's innovative genetic immunotherapy, in combination with anti-PD-1 checkpoint inhibitor KEYTRUDA® for the treatment of advanced metastatic melanoma has made a breakthrough. It is the Group's expectation to submit an application for accelerated approval by the FDA in the United States based on such clinical trial results. The application of mRNA platform through investing in the Belguim based eTheRNA is similar to the TAVO™ platform of United States based OncoSec in terms of high expandability. In addition to the availability of extensive deployment in tumor immunotherapy, the two platforms are also able to carry out rapid product development in the vaccines for infectious diseases and orphan drugs.

In the field of anti-infection, the two new sepsis drugs function from antagonizing the body's excessive immune response and antagonizing various type of pathogen-associated molecule, which will result in a good synergistic effect in the treatment of sepsis. Of which, since the HIP project is related to ARDS caused by coronavirus disease due to its mechanism, in May 2020, the Group was approved to conduct a phase II clinical study for ARDS caused by coronavirus disease and a phase Ib clinical study for sepsis in Australia. In the field of respiratory and ENT, the Group has also reserved innovative products, including the treatment of dry eye disease, pterygium and allergic rhinitis, to further enhance its core advantages and its competitiveness that differentiates it from other market players.

Financial Resources and Liquidity

As at 31 December 2020, the Group had current assets of HK$5,318.96 million (31 December 2019: HK$3,816.32 million) and current liabilities of HK$4,302.93 million (31 December 2019: HK$3,589.56 million). The current ratio was 1.24 at 31 December 2020 as compared with 1.06 at 31 December 2019.

The Group's cash and bank balances as at 31 December 2020 amounted to HK$1,836.70 million (31 December 2019: HK$1,059.27 million), of which approximately 7.0% were denominated in Hong Kong Dollars, United States Dollars, Australian Dollars, Euro and 93.0% in Renminbi.

As at 31 December 2020, the Group had outstanding bank loans of approximately HK$2,345.69 million (31 December 2019: HK$2,010.16 million) were granted by banks in the PRC and Hong Kong. All bank loans were denominated in RMB and HK$. The interest rates charged by banks ranged from 2.60% to 6.89% (31 December 2019: 2.92% to 6.89%) per annum, in which approximately HK$1,199.84 million bank loans were charged at fixed interest rates. Certain bank loans were pledged by assets of the Group with a net book value of HK$86.22 million (31 December 2019: HK$287.89 million). The gearing ratio of the Group, measured by bank borrowings as a percentage of shareholders' equity, was reduced to approximately 20.9% as at 31 December 2020 as compared with approximately 24.0% as at 31 December 2019.

Since the Group's principal activities are in the PRC and the financial resources available, including cash on hand and bank borrowings, are mainly in Renminbi and Hong Kong Dollars, the exposure to foreign exchange fluctuation is relatively low.

The Group intends to principally finance its operations and investing activities with its operating revenue, internal resources and bank facilities. The Directors believe that the Group has a healthy financial position and has sufficient resources to satisfy its capital expenditure and working capital requirement. The Group adopted a conservative treasury policy with most of the bank deposits being kept in Hong Kong dollars, or in the local currencies of the operating subsidiaries to minimize exposure to foreign exchange risks. As at 31 December 2020, the Group did not have foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes.

Updates on Significant Matters

With reference to the disclosure in the 2016, 2017, 2018 and 2019 annual report of the Company, Tianjin Jingming New Technology Development Co., Ltd. (the "**Tianjin Jingming**"), an indirect non-wholly owned subsidiary of the Company, is undertaking certain litigations related to a product quality incident, and it is also claiming the original shareholders of the Tianjin Jingming for the indemnification of those possible loss suffered by the Company. Up to 31 December 2020, the court has concluded 51 cases, and Tianjin Jingming has appealed 4 cases against the judgement of first instance with aggregate compensation of approximately RMB3.15 million. Among the final and effective judgements, Tianjin Jingming has paid the compensation and the related legal charges of approximately RMB24.90 million in according to the court order. The other related litigations of the product quality incident have not yet been concluded. Given that (1) such product is not the core product of the Group, and (2) according to the terms of the agreement for the acquisition of Tianjin Jingming, the original shareholders of Tianjin Jingming should be responsible for the compensation of such product incident until 30 June 2015, and Grand Pharm (China) had claimed the original shareholders of the Tianjin Jingming for the indemnification of those possible loss suffered. According to the final judgment by the court, he original shareholders of Tianjin Jingming should compensate to us approximately RMB8.09 million as the existing compensate and liquidated damages at the point of judgment. Grand Pharm (China) also has the right to raise litigation claiming the original shareholders of the Tianjin Jingming for the indemnification related to such product quality incident made by Tianjin Jingming in the future, the Directors therefore are of the view that the said incident and the related litigations do not have material impact to the Group.

According to the terms of the agreement for the acquisition of Tianjin Jingming, the vendors have undertaken to the Group that the net profit after tax (the "**Actual Profit**") from domestic sales (only include the net profit generated from domestic sales and shall not include the profit generated from the sales of irrigating solutions (灌注液)) of Tianjin Jingming for the period commencing on 1 January 2015 and ending on 30 June 2015 shall not be less than RMB5 million (the "**Performance Guarantee**"). If the above Performance Guarantee cannot be met, the Group can claim for a refund of part of the consideration in according to the formula set out in the announcement of the Company dated 22 December 2014. The Group was in a litigation against those vendors in related to the said Performance Guarantee, and after the first trial, second trial and retrial from the court, the court granted the final judgement in December 2020. It is concluded that the Group can get back the RMB10 million share transfer consideration currently deposited in the bank account jointly controlled by the Group and the vendors. The vendors should also additionally refund approximately RMB11.2 million share transfer consideration to the Group in according to the terms of the agreement for the acquisition of Tianjin Jingming. Up to the date of this announcement, the Group has followed the judgement from the court and get back the RMB10 million deposited in the bank account jointly controlled by the Group and the vendors.

Significant Investment

Save as disclosed above, there was no other significant investment during the year.

Contractual and Capital Commitments

As at 31 December 2020, the Group as lessor had operating lease commitments of HK$0.12 million (2019: HK$ 0.52 million).

As at 31 December 2020, the Group had capital commitments of HK$108.70 million (2019: HK$7.65 million).

Contingent Liabilities

As at 31 December 2020, the Directors were not aware of any material contingent liabilities.

Events after the Reporting Period

The board lot size for trading in the shares of the Company on the Stock Exchange changed from 4,000 Shares to 500 Shares with effect from 9:00 a.m. on Friday, 5 February 2021. The purpose is to lower the threshold for investors to purchase the Shares, thus facilitating the trading and improving the liquidity of the Shares, which will enable the Company to attract more investors and therefore broaden the shareholders' base of the Company. For further details please refer to the announcement of the Company dated 15 January 2021.

On 8 February 2021, the Company entered into a share purchase agreement with East Ocean Capital (Hong Kong) Limited, pursuant to which the Company acquired approximately 50.13% of the entire issued share capital of the East Ocean Medical (Hong Kong) Company Limited at a consideration of US$12,000,000.

Issue of new shares and use of proceeds

On 1 August 2020, the Company entered into a placing agreement with China International Capital Corporation Hong Kong Securities Limited ("Placing Agent"), pursuant to which the Placing Agent has conditionally agreed to act as agent for the Company, to place, or procure the placing of, on a best effort basis, up to a total of 172,000,000 new shares at the placing price of HK$5.90 per placing share to not less than six placees. The closing price was HK$7.34 per share on 31 July 2020 (being the last trading day of the shares immediately preceding the date of signing of the placing agreement. On 10 August 2020, the Company completed the allotment and issuance of 172,000,000 placing shares. After deducting the placing commission and the related fees and expenses, the aggregate net proceeds were approximately HK$1,013.60 million, represents the net price per placing share is approximately HK$5.89, and are expected to in the research and development projects (including but not limited to its existing and future domestic and overseas projects on research and development of pharmaceutical products), expansion of our research team and investment in technology. For the year ended 31 December 2020, there were approximately HK$613.11 million out of the proceeds applied to the usage stated above. It is expected that the remaining proceeds will be fully utilized in 2021.

Purchase, Sale or Redemption of Shares

Save as disclosed above, during the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares.

Employees and Remuneration Policy

As at 31 December 2020, the Group employed about 8,722 staff and workers in Hong Kong and the PRC (31 December 2019: about 8,485). The Group remunerates its employees based on their performance and experience and their remuneration package will be reviewed periodically by the management. Other employee benefits include medical insurance, retirement scheme, appropriate training program and share option scheme.

Competing Interest

Save that Mr. Liu Chengwei, the chairman and an executive director, who is a director of China Grand and a supervisor of Huadong Medicine Co., Ltd. (the "**Huadong Medicine**")(a company established in the PRC, the issued shares of which are listed on the Shenzhen Stock Exchange and owned as to approximately 41.77% by China Grand), and Dr Niu Zhanqi, an executive Director, is a director of Huadong Medicine, and thus may have interest in businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group, so far as the Directors are aware of, no Directors or the management shareholders of the Company (as defined in the Listing Rules) had an interest in a business which competes or may compete with the business of the Group.

Directors' Interests in Transaction, Arrangements or Contracts

No transaction, arrangement or contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions by directors. Having made specific enquiry of the Company's directors, all directors have confirmed their compliance with all the relevant requirements as set out in the Model Code during the year ended 31 December 2020.

Independence of Independent Non-executive Directors

The Company has received from each independent non-executive director an annual confirmation for independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive directors have confirmed that they are independent.

Code of Corporate Governance Practices

The Company has complied with all of the code provisions of the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 of the Listing Rules during the year ended 31 December 2020.

Audit Committee

The Company has established the audit committee for the purpose of monitoring the integrity of the financial statements and overseeing the financial reporting process and the internal control system of the Group. Currently, the audit committee is chaired by independent non-executive director Ms. So Tosi Wan, Winnie and other members include the two independent non-executive directors Mr. Hu Yebi, and Dr. Pei Geng.

The Group's audited annual financial results for the year ended 31 December 2020 has been reviewed by the audit committee.

Remuneration Committee

The Company has established the remuneration committee to consider the remuneration of all directors and senior management of the Company. Currently, the remuneration committee is chaired by independent non-executive director Ms. So Tosi Wan, Winnie and other members include the executive director Mr. Liu Chengwei and the independent non-executive director Mr. Hu Yebi.

Nomination Committee

The Company has established the nomination committee to assist the Board in the overall management of the director nomination practices of the Company. Currently, the nomination committee is chaired by independent non-executive director Ms. So Tosi Wan, Winnie and other members include the executive director Dr. Shao Yan and the independent non-executive director Mr. Hu Yebi.

Annual General Meeting

The annual general meeting of the shareholders of the Company will be held at the Unit 3302, The Centre, 99 Queen's Road Central, Hong Kong on Tuesday, 1 June 2021 and the notice of annual general meeting will be published and dispatched to the shareholders in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed during the following periods:

(i) from Thursday, 27 May 2021 to Tuesday, 1 June 2021 both days inclusive, for the purpose of ascertaining shareholders' entitlement to attend and vote at the annual general meeting of the Company to be held on Tuesday, 1 June 2021. In order to be eligible to attend and vote at the annual general meeting of the Company, all share certificates with completed transfer forms either overleaf or separately must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30pm on Wednesday, 26 May 2021; and

(ii) on Thursday, 10 June 2021, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all share certificates with completed transfer forms either overleaf or separately must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30pm on Wednesday, 9 June 2021. The

final dividend will be paid on or about Wednesday, 23 June 2021 to the shareholders whose names appear on the register of members as on Thursday, 10 June 2021.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinagrandpharm.com) and the Company's 2020 Annual Report will be dispatched to Shareholders and published on the Company's and the Stock Exchange's websites in due course.

By order of the Board
China Grand Pharmaceutical and Healthcare Holdings Limited
Liu Chengwei
Chairman

Hong Kong, 17 March 2021

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Liu Chengwei, Mr. Hu Bo, Dr. Shao Yan and Dr. Niu Zhanqi and three independent non-executive directors, namely Ms. So Tosi Wan, Winnie, Mr. Hu Yebi and Dr. Pei Geng.

* *For identification purpose only.*