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遠大醫藥集團

GRAND PHARMACEUTICAL GROUP

Grand Pharmaceutical Group Limited

遠大醫藥集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00512)

**CONNECTED TRANSACTION
IN RELATION TO
ENTERING INTO OF THE CONVERTIBLE LOAN AGREEMENT**

On 21 August 2023 (after trading hour), Grand Pharm (HK), a wholly-owned subsidiary of the Company, as the Lender, entered into the Convertible Loan Agreement with Sirtex HoldCo, as the Borrower, pursuant to which, Grand Pharm (HK) has agreed to make available to Sirtex HoldCo the Convertible Loan in the aggregate principal amount of US\$48,340,000 (equivalent to approximately HK\$377 million). The Convertible Loan could be converted into the equity interest of Sirtex HoldCo pursuant to the terms and conditions of the Convertible Loan Agreement.

Assuming the Convertible Loan is fully converted at the Maturity Date, a maximum of 43,976,248 Sirtex HoldCo Shares will be issued, representing approximately 3.74% of the issued share capital of Sirtex HoldCo as enlarged by the issue of the Sirtex HoldCo Shares (assuming that there is no other change to the issued share capital of Sirtex HoldCo).

As at the date of this announcement, the issued share capital of Sirtex HoldCo is owned as to approximately 51.61% by Grand Decade, approximately 42.02% by CDH Genetech and approximately 6.37% by Grand Pharm (HK). Upon full conversion of the Convertible Loan, the issued share capital of Sirtex HoldCo as enlarged will be owned as to approximately 49.68% by Grand Decade, approximately 40.45% by CDH Genetech and approximately 9.87% by Grand Pharm (HK).

LISTING RULES IMPLICATION

CDH Genetech is a company incorporated in the Cayman Islands whose principal business is investment holding. It is wholly-owned by CDH Fund V, L.P. (a limited partnership formed under the laws of Cayman Islands), whose general partner is CDH V Holdings Company Limited.

To the best of the Directors' knowledge having made all reasonable enquiries, as at the date of this announcement, CDH Giant Health I Limited (which is wholly-owned by CDH Fund

V, L.P.) holds 356,648,142 Shares (representing approximately 10.05% of the total issued share capital of the Company). Hence, CDH Fund V, L.P. is a substantial shareholder and a connected person of the Company.

As at the date of this announcement, the issued share capital of Sirtex HoldCo is owned as to 42.02% by CDH Genetech and is an associate of CDH Genetech and CDH Fund V, L.P.. As such, Sirtex HoldCo is a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the entering into of the Convertible Loan Agreement constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Convertible Loan Agreement and the transactions contemplated thereunder exceed 0.1% but all applicable percentage ratios are less than 5%, the Convertible Loan Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but exempt from circular and independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

As the Convertible Loan is subject to the fulfillment of the relevant Conditions Precedent, it may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

On 21 August 2023 (after trading hour), Grand Pharm (HK), a wholly-owned subsidiary of the Company, as the Lender, entered into the Convertible Loan Agreement with Sirtex HoldCo, as the Borrower, pursuant to which, Grand Pharm (HK) agreed to make available to Sirtex HoldCo the Convertible Loan in the aggregate principal amount of US\$48,340,000 (equivalent to approximately HK\$377 million). The Convertible Loan can be converted into the equity interest of Sirtex HoldCo pursuant to the terms and conditions of the Convertible Loan Agreement.

THE CONVERTIBLE LOAN AGREEMENT

The principal terms of the Convertible Loan Agreement are as follows:

Date of the Convertible Loan Agreement: 21 August 2023

Parties: (i) Grand Pharm (HK), as the Lender
(ii) Sirtex HoldCo, as the Borrower

Convertible Loan: Grand Pharm (HK) has agreed to make available to Sirtex HoldCo the Convertible Loan in the aggregate principal amount of US\$48,340,000 (equivalent to approximately HK\$377 million), which was determined and agreed between the Group and Sirtex HoldCo after arms' length negotiations and with reference to the amount of indebtedness of Sirtex which will fall due in August 2023, and will be partly refinanced by the net proceeds of Convertible Loan.

Sirtex HoldCo shall draw the Convertible Loan in full in one tranche upon satisfaction of the Conditions Precedent.

RMB shall be the currency of account of the Convertible Loan, provided that the principal amount of the Convertible Loan shall be equivalent to US\$48,340,000 in value and advanced in RMB by Grand Pharm (HK) based on market exchange rate as reasonably determined by Grand Pharm (HK) on the Drawdown Date.

The principal amount of the Convertible Loan shall be made by Grand Pharm (HK) in cash by wire transfer of immediately available funds on the Drawdown Date to the bank account specified by Sirtex HoldCo.

Conditions Precedent:

The obligation of Grand Pharm (HK) to advance the Convertible Loan is conditional upon Sirtex HoldCo having received or being satisfied of all of the following:

- (a) all necessary waivers, approvals, consents, authorizations and confirmation of any relevant party required to be obtained on the part of Sirtex HoldCo in relation to the transactions contemplated under the Convertible Loan Agreement having been obtained;
- (b) the Convertible Loan Agreement duly executed by Sirtex HoldCo accepting the terms and conditions therein;
- (c) all representations and warranties made by Sirtex HoldCo in the Convertible Loan Agreement or in connection herewith shall be true and correct with the same effect as though made on and as of the Drawdown Date with reference to the facts and circumstances then subsisting;
- (d) certified copies of the following corporate documents of Sirtex HoldCo:
 - (i) certificate of incorporation and memorandum and articles of association;
 - (ii) registers of members and directors; and
 - (iii) register of charges (if any);
- (e) a certified copy of the board resolutions of Sirtex HoldCo approving the entering into and performance of its obligations of the Convertible Loan Agreement,

and all agreements and documents and all transactions contemplated thereunder;

- (f) a certified copy of resolutions of all shareholders of Sirtex HoldCo approving the entering into and performance of its obligations of the Convertible Loan Agreement, and all agreements and documents and all transactions contemplated thereunder;
- (g) no event of default having occurred or prospective event of default shall have occurred (or would be likely to occur as a result of the Convertible Loan being made);
- (h) the notice of drawing the Convertible Loan duly completed and signed by Sirtex HoldCo; and
- (i) such other documents as Grand Pharm (HK) may reasonably request relating to any matters contemplated by the Convertible Loan Agreement.

Any or all of the Conditions Precedent may be waived by Grand Pharm (HK) in writing at its sole and absolute discretion subject to such Conditions Precedent as Grand Pharm (HK) may impose.

For the avoidance of doubt, Grand Pharm (HK) shall have the absolute discretion to allow the making of the advance of the Convertible Loan even if the Conditions Precedent above have not been fully satisfied before the Drawdown Date but the exercise of such discretion by Grand Pharm (HK) shall not in any way be construed as a waiver by Grand Pharm (HK) of any of such Conditions Precedent not so satisfied and shall not operate to prejudice or impair any right, power or remedy of Grand Pharm (HK) hereunder or otherwise. The Borrower undertakes with Grand Pharm (HK) to deliver to Grand Pharm (HK) such documents or information and do such acts or deeds as are necessary to fulfil such Conditions Precedent as are outstanding after the Drawdown Date as soon as possible.

Drawdown Date:

The date on which the Convertible Loan is advanced by Grand Pharm (HK) to Sirtex HoldCo (the “**Drawdown Date**”).

Maturity Date:

The first anniversary of the Drawdown Date (the “**Maturity Date**”) (if that date is not a Business Day, such date shall be the next Business Day), or where applicable, the date when the Convertible Loan and all money payable under the Convertible Loan Agreement shall be due and payable.

Interest: The Convertible Loan bear interest from and including the Drawdown Date at 7.40% per annum.

If an event of default under the Convertible Loan Agreement occurs interest shall accrue on the Convertible Loan (plus accrued interest) at the rate of 8.40% per annum from the date of the event of default until the earlier of the Maturity Date or conversion of the Convertible Loan (as the case may be).

Repayment: Save to the extent there has been a conversion and subject to the rights of the voluntary early repayment of Sirtex HoldCo below, Sirtex HoldCo shall repay the Convertible Loan and any accrued interest on the Maturity Date.

Voluntary early repayment: Sirtex Holdco shall have the right at any time to repay the whole or any part of the Convertible Loan (together with the accrued interest and all other moneys payable under the Convertible Loan Agreement) without premium or penalty provided that:

- (a) Sirtex HoldCo gives not less than one calendar month's prior written notice to Grand Pharm (HK);
- (b) in the event of partial repayment, the amount of the Convertible Loan repaid shall not be less than RMB1 million (equivalent to approximately HK\$1.1 million); and
- (c) any amounts repaid by Sirtex HoldCo may not be redrawn.

Conversion mechanism:

(i) Conversion period: From 1 January 2024 until the date of the full repayment of the Convertible Loan or conversion of the final balance of the Convertible Loan (as the case may be) (the "**Conversion Period**").

(ii) Conversion right: Grand Pharm (HK) has the right to convert all or part of the Convertible Loan at any time during the Conversion Period subject to the terms and conditions of the Convertible Loan Agreement.

(iii) Conversion price: The initial conversion price is US\$1.1806 (equivalent to approximately HK\$9.2087) per Sirtex HoldCo Shares (the "**Conversion Price**") (subject to adjustment as set out in the section below headed "Adjustments to Conversion Price").

(iv) Adjustments to Conversion Price: The Conversion Price is subject to adjustment upon the occurrence of certain prescribed events, including:

- (a) any issue of Sirtex HoldCo Shares by way of capitalization of profits or reserves to holders of Sirtex HoldCo Shares including an allotment or issue of Sirtex HoldCo Shares pursuant to an employee share scheme;
- (b) any sub-division or consolidation of Sirtex HoldCo Shares;
- (c) any allotment or issue of Sirtex HoldCo Shares or securities with rights of conversion into Sirtex HoldCo Shares or the grant of any option for the allotment and issue of Sirtex HoldCo Shares; or
- (d) any distribution by Sirtex HoldCo of its assets, profits, reserves or capital to any of, or any class of, its shareholders and any cancellation or purchase or reduction or repayment of share capital or reserves (other than a cash dividend payable out of revenue profits).

(v) Conversion Shares:

Assuming the Convertible Loan is fully converted at the Maturity Date at the initial Conversion Price of US\$1.1806 (equivalent to approximately HK\$9.2087), a maximum of 43,976,248 Sirtex HoldCo Shares will be issued, representing approximately 3.74% of the issued share capital of Sirtex HoldCo as enlarged by the issue of the Sirtex HoldCo Shares (assuming that there is no other change to the issued share capital of Sirtex HoldCo).

The Sirtex HoldCo Shares issued upon conversion of the Convertible Loan will rank *pari passu* in all respects with the other Sirtex HoldCo Shares in issue.

(vi) Terms and conditions for conversion:

The Convertible Loan shall be convertible into fully paid Sirtex HoldCo Shares on the following terms and conditions:

- (a) Grand Pharm (HK) shall have the right to convert its holding of the outstanding amount of the Convertible Loan together with accrued interest and all other moneys payable under the Convertible Loan Agreement (the “**Loan Outstanding**”) or any part thereof into such number of fully paid Sirtex HoldCo Share as, at the Conversion Price having an aggregate value equal to (as nearly as practicable, ignoring fractions and rounding to the nearest whole number of Sirtex HoldCo Shares) the amount of the Loan Outstanding to be converted;

- (b) Grand Pharm (HK) may exercise its conversion right any time during the Conversion Period by delivering a conversion notice to Sirtex HoldCo. The conversion rights may be exercised more than once in respect of any Loan Outstanding;
- (c) the effective date for conversion shall be the conversion date as specified in the conversion notice; and
- (d) if a resolution shall be passed for the voluntary winding up of Sirtex HoldCo during the Conversion Period, Grand Pharm (HK) will be entitled, in respect of the Convertible Loan or any part thereof, on giving written notice to Sirtex HoldCo within three months after the passing of such resolution, to elect to be treated as if it had exercised its conversion rights immediately before the commencement of such liquidation and, in that event, Grand Pharm (HK) shall in lieu of the payments which would otherwise be due in respect of such Convertible Loan, be entitled to receive out of the assets available in the liquidation, *pari passu* with the holders of the Sirtex HoldCo Shares, such a sum as it would have received had it been the holder of Sirtex HoldCo Shares to which it would have been entitled by virtue of such a conversion and had ceased to hold such Convertible Loan on the Business Day preceding the commencement of the liquidation without any adjustment for interest actually received or entitlement to dividends actually paid after the date of commencement of the liquidation. For the purposes of this paragraph, the conversion price applicable shall be that applicable immediately following the date of such resolution if conversion had been effected on that date at the election of Grand Pharm (HK). Subject to this paragraph, all conversion rights shall lapse in the event of liquidation.

Assignability:

Grand Pharm (HK) may at any time assign its rights under the Convertible Loan Agreement subject to it giving written notice of the same to Sirtex HoldCo. Sirtex HoldCo may not assign any of its rights and/or obligations under the Convertible Loan Agreement without the prior written consent of Grand Pharm (HK).

INFORMATION ON SIRTEX HOLDCO

Sirtex HoldCo, together with Sirtex BidCo, are the special purpose vehicles established for the acquisition of Sirtex by the Group and CDH Genetech in 2018. As at the date of this announcement, Sirtex HoldCo wholly owns Sirtex BidCo, which in turn wholly owns Sirtex.

Sirtex is an Australia-based global life-sciences company that generates revenue through the sale of SIR-Spheres, a targeted radiation therapy for late stage liver cancer. Sirtex's SIR-Spheres have been supplied to over 40 countries with revenue primarily generated in the United States.

For details of the acquisition of Sirtex, please refer to the announcements published by the Company on 14 June 2018, 10 September 2018 and 20 September 2018.

As at the date of this announcement, the issued share capital of Sirtex HoldCo is owned as to approximately 51.61% by Grand Decade, approximately 42.02% by CDH Genetech and approximately 6.37% by Grand Pharm (HK).

Assuming the Convertible Loan is fully converted at the Maturity Date, the issued share capital of Sirtex HoldCo as enlarged will be owned as to approximately 49.68% by Grand Decade, approximately 40.45% by CDH Genetech and approximately 9.87% by Grand Pharm (HK).

Set out below is the unaudited consolidated financial information of Sirtex HoldCo prepared in accordance with generally accepted accounting principles in Hong Kong for the two years ended 31 December 2022:

	<i>For the year ended 31 December 2021</i>	<i>For the year ended 31 December 2022</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>
Net loss before tax	21,787	70,495
Net loss after tax	18,028	72,103
Net assets	8,288,656	8,422,104

INFORMATION ON THE COMPANY AND GRAND PHARM (HK)

The Company is the holding company of the Group which is listed on the Main Board of the Stock Exchange. The Group is an international pharmaceutical company of technological innovation. Its core businesses cover three major areas, namely (i) pharmaceutical technology; (ii) nuclear medicine anti-tumor diagnosis and treatment and cerebro-cardiovascular precision interventional diagnosis and treatment technology; and (iii) biotechnology. The Group has strong technological innovation strength, outstanding internationalization strength, solid industrial foundation, complete industrial chain and significant comprehensive advantages in the integration of raw materials and preparations. Relying on its pharmaceutical and biotechnological capability, the Group focuses on the needs of patients, and considers technological innovation the driving force for its business. In response to the unmet clinical needs, the Group will increase its investment in global innovative products and advanced technologies, enrich and improve its product pipelines, consolidate and strengthen its industrial chain layout, and fully leverage the Group's industrial

strengths and R&D capabilities to provide more advanced and diverse treatment solutions to patients worldwide.

The Lender, Grand Pharm (HK), is a wholly-owned subsidiary of the Company, which is mainly engaged in investment holding.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONVERTIBLE LOAN AGREEMENT

One of the business strategies of the Group is to fully capitalise “accurate and stable business development capabilities at local and abroad, ability of introducing and digesting international leading technologies, and excellent marketing and sales capabilities”. The Group is aiming at the frontier areas of technological innovation and focusing on the layout of the “nuclear medicine anti-tumor diagnosis and treatment” and “cerebro-cardiovascular precision interventional diagnosis and treatment” segments. It has become a leading enterprise in nuclear medicine anti-tumor diagnosis and treatment in China, and a comprehensive cerebro-cardiovascular interventional diagnosis and treatment technology platform with international cutting-edge technologies. In 2022, Yttrium-90 resin microsphere injections of Sirtex were successfully launched in China. Its commercialization conference gathered an attendance of a total of 7 academicians from the Chinese Academy of Engineering and the Chinese Academy of Sciences, 30 experts at committee chairperson level and 500 professors from leading tertiary hospitals in China. At present, the Group has trained more than 300 doctors in 70 hospitals on the surgery theory or related skills of Yttrium-90 resin microsphere injections, and several patients successfully undertook clinical liver cancer treatment. As a result of the entering into of the Convertible Loan Agreement, (i) Sirtex will be able to refinance part of its indebtedness of US\$58 million which will fall due in August 2023 with the net proceeds from the Convertible Loan and will have a more stable liquidity position to support its continuous development; and (ii) the Group will be able to further increase its shareholding in Sirtex upon conversion of the Convertible Loan and its business of global innovative medical products which will further strengthen the pipeline of products available to the Group. The Company also believes that in the short term, the rate of return, the Maturity Date and conversion feature of the Convertible Loan will enable the Group to obtain considerable bond yields with manageable risks.

The Conversion Price was arrived at after arm’s length negotiations between the Parties and based on the valuation of Sirtex HoldCo with reference to its net assets value and its future business prospects.

In light of the above reasons, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Convertible Loan Agreement were arrived at after arms’ length negotiations between the relevant parties, are on normal commercial terms and are fair and reasonable, and the entering into of the Convertible Loan Agreement is in the interests of the Group and the Shareholders as a whole.

To the best of the Directors’ knowledge, information and belief, none of the Directors has any material interest in the Convertible Loan Agreement, and none of the Directors is required to abstain from voting on the board resolutions for approving the execution and performance of the Convertible Loan Agreement by the Group.

LISTING RULES IMPLICATION

CDH Genetech is a company incorporated in the Cayman Islands whose principal business is investment holding. It is wholly-owned by CDH Fund V, L.P. (a limited partnership formed under the laws of Cayman Islands), whose general partner is CDH V Holdings Company Limited.

To the best of the Directors' knowledge having made all reasonable enquiries, as at the date of this announcement, CDH Giant Health I Limited (which is wholly-owned by CDH Fund V, L.P.) holds 356,648,142 Shares (representing approximately 10.05% of the total issued share capital of the Company). Hence, CDH Fund V, L.P. is a substantial shareholder of the Company.

As at the date of this announcement, the issued share capital of Sirtex HoldCo is owned as to 42.02% by CDH Genetech and is an associate of CDH Genetech and CDH Fund V, L.P.. As such, Sirtex HoldCo is a connected person of the Company under Chapter 14A of the Listing Rules.

Accordingly, the entering into of the Convertible Loan Agreement constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Convertible Loan Agreement and the transactions contemplated thereunder exceed 0.1% but all applicable percentage ratios are less than 5%, the Convertible Loan Agreement and the transactions contemplated thereunder are subject to reporting and announcement requirements but exempt from circular and independent shareholders' approval requirements as set out in Chapter 14A of the Listing Rules.

As the Convertible Loan is subject to the fulfillment of the relevant Conditions Precedent, it may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the Board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong and Singapore are generally open to the public
“CDH Genetech”	CDH Genetech Limited, a company incorporated in the Cayman Islands with limited liability
“Company”	Grand Pharmaceutical Group Limited (遠大醫藥集團有限公司*), a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange

“Condition(s) Precedent”	condition(s) precedent for Grand Pharm (HK) to advance the Convertible Loan to Sirtex HoldCo
“Convertible Loan”	the convertible loan with a principal amount of US\$48,340,000 (equivalent to approximately HK\$377 million) to be borrowed by the Borrower, or as the case may be, the aggregate amount outstanding, at any relevant time, of all moneys (including but not limited to the principal and accrued interests) owing to the Lender in respect of and under the Convertible Loan Agreement
“Convertible Loan Agreement”	the convertible loan agreement dated 21 August 2023 and entered into between Grand Pharm (HK) and Sirtex HoldCo pursuant to which Grand Pharm (HK) agreed to make available to Sirtex HoldCo the Convertible Loan
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Grand Decade”	Grand Decade Developments Limited, a limited company incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Company
“Grand Pharm (HK)” or “Lender”	China Grand Pharmaceutical (HK) Limited, a limited company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Sirtex”	Sirtex Medical Pty Limited (formerly known as Sirtex Medical Limited), a company incorporated in Australia with limited liability and is wholly-owned by Sirtex BidCo
“Sirtex BidCo”	Grand Pharma Sphere (Australia Bidco) Pty Ltd., a company incorporated with limited liability under the laws of Australia and is wholly-owned by Sirtex HoldCo

“Sirtex HoldCo” or “Borrower”	Grand Pharma Sphere Pte Ltd., a company incorporated under the laws of the Republic of Singapore with limited liability, which its issued share capital is owned as to approximately 51.61% by Grand Decade, approximately 42.02% by CDH Genetech and approximately 6.37% by Grand Pharm (HK) as at the date of this announcement
“Sirtex HoldCo Shares”	the ordinary shares of Sirtex HoldCo
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

By order of the Board
Grand Pharmaceutical Group Limited
Chairman
Dr. Tang Weikun

Hong Kong, 21 August 2023

For the purposes of this announcement, unless otherwise specified, conversions of US\$ and RMB into HK\$ are based on the exchange rate of HK\$7.80 to US\$1.00 and HK\$1.00 to RMB0.92 respectively, for the purposes of illustration only. No representation is made that any amount in US\$, RMB or HK\$ could have been or could be converted at the above rate or any other rates.

As at the date of this announcement, the Board comprises four executive directors, namely, Dr. Tang Weikun, Mr. Zhou Chao, Dr. Shi Lin and Mr. Yang Guang, and three independent non-executive directors, namely, Ms. So Tosi Wan, Winnie, Dr. Pei Geng and Mr. Hu Yebi.

** For identification purpose only*