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Grand Pharmaceutical Group Limited
遠大醫藥集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 00512)

VOLUNTARY ANNOUNCEMENT

THE GROUP ENTERS INTO AN EQUITY INVESTMENT AGREEMENT WITH DUOPUTAI PHARMACEUTICAL

This announcement is made by the board of directors (the “**Board**”) of Grand Pharmaceutical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

The Board is pleased to announce that Xi’an Beilin Pharmaceutical Co., Ltd. (「**Xi’an Beilin**」), a subsidiary of the Group, has recently entered into an equity investment agreement (the 「**Investment Agreement**」) with Chongqing Duoputai Pharmaceutical Co., LTD. (「**Duoputai Pharmaceutical**」), pursuant to which Xi’an Beilin will acquire 27% equity interests of Chongqing Duoputai Pharmaceutical Technology Co., Ltd.* (重慶多普泰醫藥科技有限公司, 「**Duoputai Pharmaceutical Technology**」) with RMB 189.54 million after the relevant conditions as agreed in the Investment Agreement are fulfilled. After the completion of the equity transfer, Duoputai Pharmaceutical Technology will become an important associate company of the Group. This equity investment will initiate an in-depth strategic cooperation between the Group and Duoputai Pharmaceutical, and further consolidate the Group’s market position in the field of cerebro-cardiovascular disease treatment.

Duoptai Pharmaceutical Technology is a core subsidiary that wholly owned by Duoptai Pharmaceutical. It mainly engages in the production and sales of its core products Maixuekang capsules* (脈血康膠囊) and Maixuekang enteric-coated tablets (脈血康腸溶片). Maixuekang capsule/enteric-coated tablet series products are listed in the National Reimbursement Drug and Essential Drugs List. They have the effects of anticoagulation, antithrombosis, antifibrosis, and improvement of blood circulation, and can be used in the treatment of cerebro-cardiovascular diseases such as coronary heart disease, acute cerebral infarction, and ischemic stroke, and unstable angina. Their main ingredient are leeches. The rich hirudin contained in leeches has a strong inhibitory effect on thrombin. It is the strongest natural specific inhibitor of thrombin discovered so far. Maixuekang uses Japanese medical leech as raw material, which has the highest anticoagulant activity among leech origins, and adopts a low-temperature preparation process to process fresh leeches into medicine. Compared with other manufacturing processes, it can maintain the antithrombin activity in leech products to the greatest extent. In addition, Maixuekang is currently the only Chinese patent medicine that labeled with antithrombin activity units in China (each capsule/tablet is equivalent to 14 units of antithrombin activity), which helps doctors to provide more accurate treatment methods for patients with cerebro-cardiovascular diseases. At present, anticoagulation therapy has become a commonly used treatment method for cerebro-cardiovascular diseases, especially for the patients with chronic cerebro-cardiovascular diseases, who may face long-term or even lifelong anticoagulation therapy. Therefore, clinical use of anticoagulants has high safety requirements. Maixuekang has the same clinical efficacy as first-line anticoagulant drugs, with favorable safety and few adverse reactions. In the combined medication regimen, Maixuekang can improve clinical efficacy and patient prognosis without increasing the incidence of adverse reactions, and can provide more treatment options for patients with cerebro-cardiovascular diseases. Maixuekang has been included in many authoritative clinical guidelines, such as the *Guideline for the Diagnosis and Treatment of Cerebral Infarction with the Integrated Traditional Chinese and Western Medicine*, the *Guidelines for Rational Use of Proprietary Chinese Medicines for Promoting Blood Circulation for Removing Blood Stasis*, the *Clinical Practice Guideline for Chinese Medicine in the Treatment of Idiopathic Membranous Nephropathy*, and the *Expert Consensus on the Use of Maixuekang Capsule (Enteric-coated Tablet) for Patients with Cardiovascular and Cerebrovascular diseases in Clinical Practice*.

According to the *Annual Report on Cardiovascular Health and Diseases in China (2021)*, cerebro-cardiovascular diseases are the leading cause of death among urban and rural residents in China. Currently, there are about 330 million people suffering from cerebro-cardiovascular diseases in China, including about 13 million patients with stroke and about 11.39 million patients with coronary heart disease. As the population ages further, the morbidity and mortality of cerebro-cardiovascular diseases will continue to maintain upward trend. In 2021, cerebro-cardiovascular diseases drug market exceeded RMB 250 billion in China, of which Chinese patent medicines account for approximately 34%. In the future, under the dual effects of the growth of the number of patients with cerebro-cardiovascular diseases and the national support policy for traditional Chinese medicine, the market size and proportion of Chinese patent medicines are expected to further increase.

The equity investment of Duoputai Pharmaceutical Technology is a significant strategic plan of the Group in the field of cerebro-cardiovascular disease treatment. The field of cerebro-cardiovascular disease treatment is one of the Group's traditional areas of strength. The Group deeply bind with Duoputai Pharmaceuticals through this equity investment, and the products of both parties have strong synergy effects, which can achieve strong alliances of resources, enrich the product pipeline of the Group, further consolidate and enhance the Group's comprehensive market competitiveness in the field of cerebro-cardiovascular disease treatment, provide driving force for the sustained growth of the Group's performance, and lay the foundation for the subsequent in-depth strategic cooperation between the Group and Duoputai Pharmaceutical at the same time.

The Group always puts focus on the R&D of innovative products and advanced technologies. Adhering to a patient-centered and innovation-driven approach, the Group will continue to increase its investment in world-class innovative products and advanced technologies to meet unmet clinical needs and enrich its product pipeline and improve supply chain. The Group adopts the strategy of "global expansion and dual-cycle operation", forming a new pattern of domestic and international cycles that synergize with each other. In this way, the Group can make full use of its industrial advantages and R&D capabilities, to accelerate the commercialization process for innovative products and provide patients with more advanced and diverse treatment options globally.

Warning:

Whether this transaction will be profitable is uncertain subjected to various factors. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Note: The English transliteration of the Chinese name(s) in this announcement is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).

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

Hong Kong, 12 December 2023

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 nonexecutive directors, namely, Ms. So Tosi Wan, Winnie, Dr. Pei Geng and Mr. Hu Yebi.

** For identification purpose only*