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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 INTRODUCES A GLOBAL INNOVATIVE PRODUCT FOR THE
TREATMENT OF DEMODEX BLEPHARITIS AND MEIBOMIAN GLAND
DISEASE WITH DEMODEX MITES**

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 the Group has entered into a strategic cooperation agreement for product introduction with LianBio Development (HK) Limited and Tarsus Pharmaceuticals, Inc. (“**Tarsus**”). After the relevant conditions are met, the Group will acquire the exclusive development, production and commercialization rights in Greater China Region (Mainland China, Hong Kong Special Administrative Region of China, Macau Special Administrative Region of China, and Taiwan Region, the “**Licensed Region**”) for TP-03, a global innovative ophthalmic preparation for the potential treatment of *Demodex* blepharitis and Meibomian Gland Disease (“**MGD**”) in patients with *Demodex* mites with an upfront payment of USD15 million and a certain amount of registration milestone fees. This strategic cooperation will deepen the strategic plan of the Group’s products in the field of ophthalmology.

TP-03 is a non-competitive antagonist selective for gamma-aminobutyric acid-gated chloride channels (“**GABA-Cl**”). By selectively inhibiting GABA-Cl in *Demodex* mites, TP-03 paralyzes and kills the mites, which are the root cause of *Demodex* blepharitis. In addition, TP-03 is highly lipophilic, which promotes its absorption into the oils of eyelash follicles where mites reside. TP-03 has completed two pivotal clinical studies in the United States, collectively involving more than 800 patients with *Demodex* blepharitis. According to the clinical results, both trials met the primary endpoint and all secondary endpoints, with statistical significance and no serious treatment-related adverse events. The product was approved for commercialization by the United States Food and Drug Administration (“**FDA**”) in July 2023. It is the first and only drug approved by the FDA for *Demodex* blepharitis. In addition, there are positive topline results of TP-03 Phase II clinical research in the United States for the treatment of MGD patients with *Demodex* mites.

In terms of registration in China, TP-03 has completed a Phase III clinical study. The results show that compared with the control group, TP-03 has a statistically significant eradication rate of *Demodex* infection in patients with *Demodex* blepharitis ($p < 0.001$) and the cure rate of eyelid cuff discharge also showed a positive but not statistically significant trend ($p = 0.15$). Additionally, TP-03 was well tolerated, and its safety characteristic was similar to that observed in other large-scale clinical trials, with no treatment-related discontinuations. After the completion of this transaction, the Group will vigorously work toward the registration and implementation of TP-03 in China to benefit patients with *Demodex* blepharitis as soon as possible.

Blepharitis is a common ophthalmic disease that is characterized by eyelid margin inflammation. *Demodex* blepharitis is a chronic inflammatory reaction caused by *Demodex* infestation of the eyelid margin, which accounts for over two-thirds of all blepharitis cases, mainly involving the eyelid skin, eyelash follicles and glands, and meibomian glands. Its typical clinical manifestations include eye itching, foreign body sensation, dry eyes, eyelid congestion, scales, and cuff-like secretions at the base of the eyelashes. In severe cases, it can cause conjunctival and corneal complications, and the disease may be contagious to a certain extent. In addition, *Demodex* mites are also a risk factor for MGD. MGD patients with *Demodex* mites often present with inflammation of the eyelid margin and blurred vision, and can result in blockage and/or decreased production of meibum liquid. If left untreated, it can lead to permanent changes to the tear film and progressive gland loss. According to statistics, there are currently more than 40 million patients with *Demodex* blepharitis and more than 70 million patients with MGD in China, indicating a large potential patient population. Currently, there are no drugs that have been commercialized and approved for *Demodex* blepharitis in China. There is an urgent clinical need for a safe and effective therapeutic drug that has rapid effect and can directly act on the root cause of disease, and TP-03 is expected to fill this clinical gap.

As one of the major Eye, Nose & Throat (“ENT”) drug R&D, production and sales integrated enterprises in China, the number of the Group’s products on sale ranks among the top of the industry. Its treatment areas covering diseases in multiple departments including ophthalmology, otolaryngology, and stomatology, covering chemical preparations, Chinese drug preparations and health products, including prescription drugs, OTC drugs, medical devices, consumer goods and other major categories, covering both channel of inside and outside hospital, create a “great ENT ecosystem” by integrating “prevention + treatment + health care”. In terms of innovation and R&D, the Group has reserved a few world-wide innovative products for the treatment of “myopia”, “dry eye”, “pterygium” and “anti-inflammatory and analgesic after ophthalmology surgery”, and have made significant research and development progress in 2023. Among them, the innovative product CBT-001 for the treatment of pterygium was approved to conduct Phase III clinical study in China in March 2023; GPN00136 (BRM421), a small molecule peptide drug for the treatment of dry eye, was approved to conduct Phase II clinical study in China in April 2023; GPN00833, a hormone nanosuspension eye drops for anti-inflammatory and analgesic, has completed first patient’s enrollment and dosing in Phase III clinical trial in China in October 2023. In terms of overseas registration, the product was approved for commercialization by the FDA in March 2024; GPN00884, a global innovative ophthalmic drug used to delay the progression of myopia in children, was approved to conduct Phase I clinical study in China in March 2024. In the future, the field will adhere to the development strategy of “Chinese and Western combination” and “treatment with both medicines and devices”, continuously strengthen the influence of the industry, and achieve new breakthroughs in the business field.

The Group always puts a high value on the R&D of innovative products and advanced technologies. Sticking to patients-centered and innovation-driven, the Group will continue to increase its investment in world-class innovative products and advanced technologies to meet unmet clinical needs, and enrich 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 commercialization process for innovative products and provide patients with more advanced and diverse treatment options in the world.

Warning:

The aforementioned product is pending for registration and approval in the Licensed Region. The approval of commercialization and manufacturing of such products is subject to various factors with uncertainty. Whether the transaction will be profitable is also uncertain. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 27 March 2024

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*