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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)

CONNECTED TRANSACTION

ACQUISITION OF THE ENTIRE EQUITY INTERESTS IN HEBEI YUANDA JIUFU BIOTECHNOLOGY CO., LTD. AND BAODING JIAHE FINE CHEMICAL CO., LTD.

On 31 December 2025, Hubei Yuanda, as purchaser, entered into the Share Purchase Agreement with the Vendors, pursuant to which the Vendors agreed to sell and Hubei Yuanda agreed to acquire the entire equity interests in the Target Companies, at an aggregate consideration of RMB316,000,000. Upon completion of the Share Purchase Agreement, the Target Companies will become indirectly wholly-owned subsidiaries of the Company.

As at the date of this announcement, Vendor I is China Grand (a substantial shareholder of the Company holding 53.42% equity interest in the Company). As such, Vendor I is a connected person of the Company under Chapter 14A of the Listing Rules, and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceed 0.1% but all applicable percentage ratios are less than 5%, the Transaction is 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.

THE SHARE PURCHASE AGREEMENT

Date

31 December 2025

Parties

(i) The Vendor I (as vendor);
(ii) The Vendor II (as vendor); and
(iii) Hubei Yuanda (as purchaser).

Subject matter of the Transaction

Pursuant to the Share Purchase Agreement, the Vendors agreed to sell and Hubei Yuanda agreed to acquire the entire equity interests in the Target Companies, at an aggregate consideration of RMB316,000,000.

As at the date of this announcement, Target Company 1 is owned as to 81.3217% by Vendor I and 18.6783% by Vendor II, and Target Company 2 is also owned as to 81.3217% by Vendor I and 18.6783% by Vendor II.

Conditions Precedent

Completion of the Transaction is conditional upon the following conditions:

(1) no material adverse change having occurred to the business, operations, assets, liabilities, etc. of the Target Companies since the valuation date, i.e. 30 September 2025;
(2) the Vendors holding 100% equity interests in the Target Companies which are free from any defects in title or potential disputes; and
(3) no breach of terms of the Share Purchase Agreement having occurred, and the declarations, representations and warranties given by the Vendors remaining effective.

Consideration

Pursuant to the Share Purchase Agreement, the consideration to be paid to Vendor I by the Purchaser is RMB256,976,572, and the consideration to be paid to Vendor II by the Purchaser is RMB59,023,428.

The total consideration of RMB316,000,000 for the Transaction was determined between the Purchaser and the Vendors after arm's length negotiations taking into account, among other things, (i) the financial performance, business growth and prospects of the Target Companies (including the existing assets and technical know-how under research and development progress and the future prospect of the research and development projects); (ii) the valuation report prepared by an independent qualified valuer based on market approach, pursuant to which the appraised value of the 100% equity interests in the Target Companies as at 30 September 2025 was approximately RMB324,000,000 after deduction of the proposed distribution of profits of RMB134,000,000 to the Vendors; and (iii) the benefits that would be brought to the Group by the Transaction as explained in further details in the section headed "Reasons for and benefits of the Transaction".

The consideration will be funded by internal resources of the Group, settled in the following manner:

(a) within thirty days of the signing of the Share Purchase Agreement, the Purchaser shall pay RMB51,395,314.40 to Vendor I and RMB14,755,857 to Vendor II, respectively;

(b) on or before 31 December 2027, the Purchaser shall pay RMB51,395,314.40 to Vendor I and RMB8,853,514.20 to Vendor II, respectively;

(c) on or before 31 December 2028, the Purchaser shall pay RMB51,395,314.40 to Vendor I and RMB11,804,685.60 to Vendor II, respectively;

(d) on or before 31 December 2029, the Purchaser shall pay RMB51,395,314.40 to Vendor I and RMB11,804,685.60 to Vendor II, respectively; and

(e) on or before 31 December 2030, the Purchaser shall pay RMB51,395,314.40 to Vendor I and RMB11,804,685.60 to Vendor II, respectively.

Completion

Unless agreed among the Purchaser and the Vendors, the Completion shall take place within 30 days from date of the Share Purchase Agreement, upon which the Target Companies will become indirectly wholly owned subsidiaries of the Company.

THE VALUATION

Hubei Yuanda entered into the Share Purchase Agreement to acquire 100% equity interests in the Target Companies at an aggregate consideration of RMB316,000,000 (the "**Consideration**"). The Consideration was determined with reference to, among others, the financial performance, business growth and prospects of the Target Companies, and the valuation report prepared by Vincorn Consulting and Appraisal Limited, an independent qualified valuer (the "**Valuer**") based on market approach, pursuant to which the appraised value of 100% equity interests in the Target Companies as at 30 September 2025 (the "**Valuation**") was approximately RMB324,000,000. The Valuation was prepared in accordance with the International Valuation Standards effective from 31 January 2025 published by the International Valuation Standards Council.

The Board has conducted a comprehensive evaluation of the Valuer's qualifications and affirmed that it is fully capable of performing the Valuation with competency.

Valuation Approach

The Valuer considered the cost approach, the income approach, and the market approach for the Valuation and solely adopted guideline public company method under the market approach for the following reasons:

- the cost approach was not applied as the Valuation of the Target Companies is conducted on a going concern basis; therefore, the cost of reproducing and replacing its assets is inappropriate as such method ignores the future economic benefits of the business as a whole;

- the income approach was not applied as this approach involves financial forecast information and the adoption of more assumptions than the other two approaches, not all of which can be easily justified or ascertained.; and

- there are two common methods under the market approach, namely, guideline public company method and guideline transaction method, and the guideline transaction method was not applied due to the lack of recent market transactions with similar nature as the Target Companies, the guideline public company method was therefore adopted. In order to reflect the latest financial performance and capital structure of the Target Companies, the Valuer has adopted the trailing enterprise value-to-sales multiple in the Valuation.

In doing so, the Valuer selected 17 public companies listed in Hong Kong, Shenzhen, Shanghai in the PRC that are also engaged in the production and sales of active pharmaceutical ingredients, pharmaceutical intermediates, and biomanufacturing technology products (the "**Comparable Companies**"). In selecting the Comparable Companies, the Valuer looked at key value indicators such as multiples to earnings, book value, sales and cash flows, and took into consideration relevant adjustment factors to examine the differences between the Target Companies and the Comparable Companies. The Valuer also adopted the following parameters in the valuation of the Target Companies:

1) 11.73% as the enterprise value-to-sales multiple of the Comparable Companies;
2) RMB52.9 million as the earnings before interests and tax of the Target Companies;
3) 15.6% as the lack of marketability discount; and
4) RMB134,000,000 as the proposed distribution of profits to the Vendors.

Based on the above, the market value of the Target Companies is RMB324,000,000 based on market approach.

After discussions with the Valuer regarding the above factors, the Board agreed that guideline public company method under the market approach is more applicable to the Valuation.

VIEW OF THE BOARD ON THE VALUATION AND THE ACQUISITION

The Directors have discussed with the Valuer the different aspects upon which the Valuation was prepared (including the principal assumptions and commercial assumptions) and have reviewed the Valuation for which the Valuer is responsible. The Directors have confirmed that the Valuation has been done after a due and careful inquiry by them. The Consideration was set at RMB316,000,000, which represents a 2.5% discount to the appraised value of RMB324,000,000. In relation to the 2.5% discount, the Board had considered that the Target Companies were improving in its profitability during the years ended 31 December 2023 and 2024. Moreover, expected credit loss on long aged financial assets were fully provided for in 2024 and the profitability in 2025 onwards are expected to improve further considering the synchronisation effect with the Group's strong research and development ability. Therefore, the parties agreed to adopt the 2.5% discount on the appraised value.

In view of the above, the Directors consider that the Consideration is fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET COMPANIES

Target Company 1 is a limited company established in the PRC, incorporated in 2004, and is a high-tech enterprise specializing in the research & development, production, and sales of amino acids products.

Target Company 2 is a limited company established in the PRC, incorporated in 2005, and is principally engaged in processing, manufacturing and sale of thiol products.

Based on the unaudited combined accounts of the Target Companies, the unaudited net asset value of the Target Companies as at 30 September 2025 was approximately RMB84,198,000. The financial information of the Target Companies for the two years ended 31 December 2024 and 9 months ended 30 September 2025 based on its unaudited combined accounts is as follows:

	For the 9 months ended 30 September 2025 (HK$ '000) *(unaudited)*	**For the year ended 31 December 2024 (HK$ '000)** *(unaudited)*	**2023 (HK$ '000)** *(unaudited)*
Total assets	245,043	182,681	260,982
Total liabilities	160,844	168,978	151,543
Net assets	84,198	13,702	109,439
Revenue	238,631	220,196	153,665
Profit/(loss) of the period/year before tax	35,788	15,033	(5,938)

INFORMATION ON HUBEI YUANDA, THE COMPANY AND THE GROUP

Hubei Yuanda is a limited liability company established in the PRC whereby the Company holds 99.84% of its equity interest. Hubei Yuanda principally manufactures and sells pharmaceutical products in China.

The Company and the Group is mainly engaged in the research and development, manufacturing and sales of pharmaceutical preparations, medical devices, specialised pharmaceutical raw materials and healthcare products.

INFORMATION ON VENDOR I

China Grand is a limited liability company established in the PRC, holding 53.42% of the Company's equity interests. China Grand principally engages in the manufacture and sale of pharmaceutical products in China.

INFORMATION ON VENDOR II

Wuhan Jiuxiang Biotechnology Partnership (Limited Partnership) is a limited partnership established in the PRC and is principally engaged in research and development of biological feed and technical consultancy service.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Target Companies are biomanufacturing enterprises with a longstanding commitment to researching, developing and applying fermentation engineering and enzyme engineering technologies to replace traditional chemical synthesis methods for producing various edible amino acids. Its core products include food-grade glycine, serine, citrulline-malate series, hydroxyproline series, among other amino acid products, holding a leading market share. The Target Companies possess a complete industrial chain from amino acid raw materials to end-use health products, offering significant cost advantages. Leveraging its established customer base, they continuously expand market pipelines in human nutrition, animal nutrition, and personal care/daily chemical sectors, implementing its "diversified development strategy". The Target Companies hold positions as a National High-Tech Enterprise, Hebei Province Specialised, Sophisticated, Distinctive and Innovative SME, and Hebei Province Innovative SME. They operate R&D platforms including the Hebei Provincial Enterprise Technology Centre and Baoding Municipal Technology Innovation Centre. Recognised as a 2022 'Science and Technology Innovation China' Pilot City (Baoding) Emerging Enterprise and a Hebei Province Contract-Honouring and Credit-Worthy Enterprise, they had repeatedly received awards as an Advanced Unit for Work Safety and Outstanding Private Enterprise in Baoding City and Mancheng District.

The Transaction represents a significant strategic initiative by the Group to implement its core operational philosophy of 'New Technologies, High Quality, Industrial Chain Integration, and Internationalisation', establishing multiple core advantages through industrial chain synergy. Upstream, the Target Companies' mature technologies in fermentation engineering and enzyme engineering will integrate deeply with the Group's eight synthetic biology technology platforms, further solidifying technological barriers. Its stable supply of multiple core amino acid raw materials will directly secure upstream provision for the Group's high-quality amino acid products, optimising supply chain cost structures while enhancing industrial chain security and stability. Midstream, the Target Companies' specialised amino acid product pipeline—including food-grade glycine, citrulline, and serine—will enrich the Group's biotechnology product matrix, strengthen its high-quality amino acid portfolio, and support the Group's strategy of diversifying amino acid extensions. Downstream, the Target Companies' established client resources in human nutrition, personal care, and daily chemical sectors will complement the Group's global biotechnology sales network. By integrating channel resources, this will accelerate market penetration for the Group's health-focused end products, achieving synergistic industrial chain development. The Transaction will comprehensively strengthen the Group's integrated industrial chain layout in the biotechnology sector, enhance core competitiveness and global market influence, and lay a solid foundation for implementing the Company's diversification strategy in biotechnology.

The terms of the Transaction were established following negotiations between the contracting parties on an arm's length basis. The Directors (including the Independent Non-Executive Directors) consider the Transaction to be on normal commercial terms and fair and reasonable, and that it is in the interests of the Company and its shareholders as a whole. The Board confirms that no Director has a material interest in the Transaction and is therefore required to abstain from voting on the Board resolution approving the Transaction.

LISTING RULES IMPLICATION

As at the date of this announcement, Vendor I is China Grand (a substantial shareholder of the Company holding 53.42% equity interest in the Company). As such, Vendor I is a connected person of the Company under Chapter 14A of the Listing Rules, and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Transaction exceed 0.1% but all applicable percentage ratios are less than 5%, the Transaction is 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.

DEFINITIONS

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

"Board"	the board of Directors of the Company
"Business Day(s)"	any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorised by law to be closed in the PRC or Hong Kong
"China Grand" or "Vendor I"	China Grand Enterprises Incorporation (中國遠大集團有限責任公司), a company established in the PRC with limited liability, being a controlling shareholder of the Company which is indirectly interested in approximately 53.42% of the total issued share capital of the Company, and is controlled and ultimately and beneficially owned by Mr Hu Kaijun
"Company"	Grand Pharmaceutical Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 512)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hubei Yuanda" or "Purchaser"	Grand Pharm (China) Company Limited* (湖北远大富源生命科技有限公司), a company established in the PRC with limited liability and a 99.84% owned subsidiary of the Company
"PRC"	the People's Republic of China which, for the purpose of this announcement only, excludes the Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Share(s)"	ordinary shares of HK$0.01 each in the share capital of the Company

"Share Purchase Agreement"	the Share Purchase Agreement dated 31 December 2025 and entered into between Hubei Yuanda as purchaser and Vendor I and Vendor II as vendors, pursuant to which the Vendors agree to sell, and Hubei Yuanda agrees to acquire the entire equity interests in the Target Companies
"Target Companies"	Target Company 1 and Target Company 2
"Target Company 1"	Hebei Yuanda Jiufu Biotechnology Co., Ltd. (河北远大九孚生物科技有限公司), a company incorporated in PRC with limited liability
"Target Company 2"	Baoding Jiahe Fine Chemical Co., Ltd. (保定加合精细化工有限公司), a company incorporated in PRC with limited liability
"Transaction"	the acquisition of the entire equity interests in the Target Companies from the Vendors by Hubei Yuanda pursuant to the terms of the Share Purchase Agreement
"Vendors"	Vendor I and Vendor II
"Vendor II"	Wuhan Jiuxiang Biotechnology Partnership (Limited Partnership) 武汉九祥生物科技合伙企业（有限合伙）, a limited partnership established in the PRC formed by Mr. Qian Zhiqiang and Mr. Liu Xinyan who are businessmen
"RMB"	Reminbi, the lawful currency of the PRC

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

Hong Kong, 31 December 2025

As at the date of this announcement, the Board comprises four executive directors, namely, Dr. Tang Weikun, Mr. Zhou Chao, Mr. Yang Guang and Ms. Lam Chit Yee Jessica, and four independent non-executive directors, namely, Ms. So Tosi Wan, Winnie, Dr. Xing Li Na, Dr. Pei Geng and Mr. Hu Yebi.

** For identification purpose only*