



Grand Pharmaceutical Group Limited

遠大醫藥集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00512)

GP (HK) Announces 2021 interim Results

Profit Attributable to Owners of the Company Surges 67.4% to HK\$1.2 billion

Continue to Increase R&D Investment

Proposes to Implement a Share Award Scheme

Financial Highlights:

- The Group results remained strong growth for 1H 2021, it recorded revenue of approximately HK\$4,566.5 million. During the Period, representing an increase of approximately 40.3% as compared to the corresponding period in 2020. The total profit for the period attributable to owners of the Company amounted to approximately HK\$1,202.5 million with an increment of approximately 67.4% as compared with the corresponding period in 2020.
- During the period, the group business continuously maintained constant growth, the Group invested a large amount of funds for product development, and invested a large amount of resources for the pre-clinical research, clinical trials, listing and registration phases of research projects, and reached agreements with a number of companies for obtaining the rights of R&D, manufacturing and commercialization of different products, with a total investment amount of over HK\$1.5 billion, representing an increase of approximately 56.1% as compared to the corresponding period in 2020.
- At present, the Group has achieved an all-round presence in five strategic markets in the field of cerebro-cardiovascular precision interventional therapy and has made substantial progress in the field of anti-tumour, antiviral and anti-infection therapies.

(August 10, 2021 - Hong Kong) Grand Pharmaceutical Group Limited (“**GP (HK)**” or the “**Company**”, stock code: 00512) is pleased to announce the unaudited interim results for six months ended 30 June 2021 (the “**Period**” or the “**First Half of 2021**”) of the Company and its subsidiaries (collectively the “**Group**”).

At the time when GP (HK) announced its outstanding interim results of 2021, the Board proposed to formulate and implement a long-term shares award scheme, and proposed to purchase a total of 180 million shares in the secondary market through the establishment of a trust, to motivate its eligible employees. Upon approval, the scheme can further enhance the vitality and enthusiasm of the existing employees, but also attract more international, professional and young talents to join GP (HK), giving the long-term development of the Company.

For the first half of 2021, the Group recorded revenue of approximately HK\$4,566.5 million, representing an

increase of approximately 40.3% as compared to the corresponding period in 2020. The increase in revenue was mainly due to the fact that the Group continuously optimizes the profit structure, continuously develops the Group's strategy in the development of innovative and barrier medicines and puts more efforts in the sales of innovative high barrier products and high profit margin products. By virtue of the Group's further optimized earning structure and the Group's strategy of deepening innovation and developing barrier pharmaceutical products, the Group continuously promoted the sales of innovative high-barrier and high-margin products. During the Period, the Group's gross profit margin was approximately 63.3%. The total profit for the period attributable to owners of the Company amounted to approximately HK\$1,202.5 million with an increment of approximately 67.4% as compared with the corresponding period in 2020. If disregarding the gain from changes in fair value of investment in Telix, the total profit attributable to the owners of the Company for the period increased by approximately 26.3% as compared to the corresponding period in 2020.

Product performance

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. During the Period, the revenue from pharmaceutical products and medical devices was approximately RMB2,430.6 million (RMB1,902.0 million for the corresponding period in 2020). The revenue from respiratory and ENT medicines and devices was approximately RMB1,272.8 million, representing an increase of approximately 22.4% as compared to the corresponding period in 2020: (i) During the Period, the revenue from ophthalmic products of the Group was approximately RMB480.42 million, representing an increase of approximately 35.8% as compared to the corresponding period in 2020. The core over-the-counter eye drops "Rui Zhu" achieved remarkable results in the vigorous expansion of e-commerce platforms and pharmacy retail. The revenue for the Period was approximately RMB116.6 million. (ii) During the Period, the revenue from respiratory and ENT products of the Group was approximately RMB792.3 million, representing an increase of approximately 15.4%

During the Period, the revenue from the Group's cerebro-cardiovascular medicines was approximately RMB978.6 million, representing an increase of approximately 47.1% as compared to the corresponding period in 2020. 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 RMB883.8 million in aggregate, representing an increase of approximately 41.9% as compared to the corresponding period in 2020.

Bio-technology Products and Health Products

The bio-technology products and healthcare products of the Group include Taurine, amino acid products, biopesticides, bio-feed additives and steroid products, etc. During the Period, the revenue from bio-technology products and healthcare products was approximately RMB940.0 million, representing an increase of approximately 34.7% as compared to the corresponding period in 2020. By virtue of the business expansion strategy of international business and healthcare business, the revenue from the Group's amino acid products was approximately RMB464.3 million, representing an increase of approximately 61.9% as compared to the corresponding period in 2020, and the revenue from products related to bio-pesticides and bio-feed additives also recorded an increase of approximately 4.7%.

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. During the Period, the relevant revenue of this segment recorded approximately RMB437.4 million, representing an increase of approximately 24.9% as compared to the corresponding period in 2020.

Increasing innovation and R&D investment

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. At present, the Group has sufficient and reasonable R&D pipelines comprised of 115 projects under research and 41 innovative projects, involving in different stages from pre-clinical to new drug application, and thus forming a good echelon effect. During the Period, the Group applied for clinical trial for 2 projects and obtained 4 clinical research approvals and 9 manufacturing approvals. Eight innovative projects complete the R&D milestones.

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\$171.4 million in the research and development expenses ended 30 June 2021. If the advance payment for new projects is added, the total research and development investment expenditures of the Group amounted to over HK\$1.5 billion in the first half of 2021, representing an increase of approximately 56.1% as compared to the corresponding period in 2020.

Innovative R&D Pipeline

In the field of cerebro-cardiovascular precision intervention, the Group has nine innovative products thoroughly covering five strategic directions, including vascular intervention (coronary artery intervention and peripheral vascular intervention), neurological intervention, structural cardiac disease, electrophysiology and heart failure. Among which, two products for coronary artery and shunt restenosis in arteriovenous fistulas were approved to launch and other products are underway orderly, six products are expected to be approved for listing by the end of 2025.

In the field of tumor treatment, the Group mainly focuses on nuclear medicine and immunotherapy. 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's main product in the field of tumor treatment, SIR-Spheres[®] Y-90 resin microspheres, 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. It is expected that the product will be approved for launch at the end of 2021.

For the anti-virus and anti-infection field, based on the in-depth exploration of unsatisfied clinical needs, the Group has forward-looking layout in respect of sepsis, ARDS, COVID-19, viral infections and other diseases that pose a major threat to human health and currently has three global innovative drugs with new mechanisms of action in the research pipeline. One of the world-wide innovations for the treatment of sepsis, STC3141, is progressing rapidly in the clinical phase.

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 four innovative drugs in this field.

Material investment, M&A and Cooperation

During the 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.

As of the date of this announcement, the Group has carried out the following material investment, M&A and cooperation: (1) The Group entered into an equity transfer agreement with Shenming Medical. The Group will invest RMB22.6 million and obtain 100% equity interest of Shenming Medical after relevant conditions are fulfilled, and will thereby obtain all rights of the development and commercialization of the thermosensitive embolic agents for the treatment of liver cancer and the subsequent development of gel products developed by Shenming Medical; (2) The Group entered into a cooperation and exclusive product licensing agreement with CardioFocus, Inc. The Group will introduce the new generation HeartLight X3 laser ablation platform of HeartLight[®] Endoscopic Ablation System to obtain the exclusive commercialization rights and conditional

transfer of the core technology in mainland China, Hong Kong and Macau, and the priority cooperation rights of other products of CardioFocus in the licensed region;(3) The Group reached an exclusive product licensing agreement with Formosa. The Group obtained the exclusive development and commercialization rights of APP13007 for anti-inflammatory and pain relief after ophthalmology surgery developed by Formosa in Mainland China, Hong Kong and Macau, with a milestone payment of not more than USD9.5 million and a certain percentage of sales commissions; (4)The Group and FastWave Medical Inc (“**FastWave**”) has entered into a series of investment and strategic cooperation agreements. Among which, the Group will acquire 100% equity of FastWave with up to total USD72.0 million by phases for supporting and jointly developing an innovative medical device, intravascular shockwave calcification treatment system and overseas high-end innovative medical devices R&D platform; (5)The Group entered into an exclusive licensing agreement with Denmark based ALK-Abelló A/S (“**ALK**”). The Group has obtained long-term exclusive commercialization rights of Jext® pre-filled epinephrine auto-injector, which is developed by ALK for the treatment of anaphylaxis, in Mainland China, Macau and Taiwan with total down-payment and milestone payment of EUR12.0 million; (6) The Group acquired approximately 22.2% equity interests in CoRISMA at a consideration of US\$12.0 million. Subsequently, the Group will make further investment to obtain the exclusive development, manufacturing and commercialization rights of a series of CoRISMA’s products of Yale University incubator, the innovative medical device for the treatment of heart failure, in Greater China Region (including Mainland China, Hong Kong, Macau and Taiwan) and various countries and regions in Southeast Asia. CoRISMA’s products represent an important layout for the Group to build an internationally leading cerebro-cardiovascular precision interventional diagnosis and treatment platform.

The Board of Grand Pharmaceutical Group Limited, commented: “In the first half of 2021, China macro-economy and major industries have been gradually recovering. The Group positively grasped the new opportunities arising from the reform of the medical industry, consolidated the existing business segments, and continuously enriching innovative product pipeline. The Group sticks to stressing on the development of R&D platform, increases the investment in R&D, actively introduces international R&D platform and high-entry-barrier products, and broaden sales channels through multi-channel expansion to constantly strengthen competitive advantages and improve comprehensive strength in international markets. In the future, regarding ‘introduction and landing’ and ‘synchronously independent and localized R&D’ as its development strategy, the Group will realize the construction of a dual system of ‘local + global’ R&D and production, as well as benefit more patients and earn higher returns for shareholders.”

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About Grand Pharmaceutical Group Limited (00512):

Grand Pharmaceutical Group Limited is a diversified global pharmaceutical enterprise sticking to patients-centered, market-oriented and innovation-driven, principally engaged in the R&D, manufacturing and sales of pharmaceutical products, advanced medical devices, specialized pharmaceutical ingredients, bio-technology products, and nutritional products. Its core product portfolio covers several major therapeutic areas including cerebro-cardiovascular emergency, respiratory and Ear, Nose & Throat (the “ENT”) as well as ophthalmic treatments and selective internal radiation therapy for tumor treatment. With the strategy of “global expansion and dual-cycle operation”, GP(HK) has formed a new pattern of domestic and international cycles that synergize with each other. The Group is committed to becoming an international technological innovation-based pharmaceutical company through organic growth and mergers and acquisitions of international innovative quality projects, delivering on its promises for doctors and patients, and making significant contributions to the society.

For further information, please refer to GP (HK)'s website at

<http://www.chinagrandpharm.com>

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