GRAND PHARMACEUTICAL GROUP LIMITED
遠大醫藥集團有限公司*
(Incorporated in Bermuda with limited liability)
(Stock Code: 00512)

SUPPLEMENTAL ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS
BUSINESS COLLABORATION AGREEMENT

Reference is made to the announcement of Grand Pharmaceutical Group Limited (the "**Company**") dated 25 April 2025 (the "**Announcement**") in relation to the continuing connected transactions contemplated under the Business Collaboration Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Company would like to provide the following supplemental information in relation to the continuing connected transactions contemplated under the Business Collaboration Agreement.

Details of Research and Development Projects

Building on the well-established relationship between the Group and the Sirtex Group, both parties recognize each other's strengths and expertise in the pharmaceutical industry. With a shared commitment to innovation, both parties seek to explore potential collaborative opportunities in the development of radiopaque products. Hence, the Group and the Sirtex Group entered into the Business Collaboration Agreement to enable collaboration on research and development ("**R&D**") of pharmaceutical products. Such collaboration of R&D will involve the sharing of labour and laboratories, purchase of raw materials and supplies, purchase of research equipment if necessary, and the sharing of techniques, knowledge and know-how.

At present, the Group has embarked on an initial R&D project in which it shall extend its expertise and R&D services to the Sirtex Group on developing a new radiopaque products . The initial stages of this R&D project include material and radiopaque agent evaluation, conceptual design development, prototype production, testing, analysis and reporting. In addition, during the term of the Business Collaboration Agreement, the Sirtex Group may reciprocate by offering R&D support and services to the Group should the need arise for the development of other pharmaceutical products. This arrangement would enable a dynamic and evolving collaboration aimed at leveraging each party's strengths to advance product development and expand market opportunities.

Reasons for and Benefits of entering into the Business Collaboration Agreement

SIR-Sphere, which is developed and produced by the Sirtex Group, is used to treat inoperable liver cancer. The Group has been the distributor of SIR-Spheres® Y-90 microspheres in permitted areas of China since 2022. To reinforce its long-standing relationship with the Sirtex Group and since both parties have strong capabilities in pharmaceutical R&D, the Group and the Sirtex Group wish to collaborate and explore on the development of new radiopaque products by utilising the technical knowledge of each party.

By combining their unique strengths, technical knowledge, talents and innovation strategies, the Group and the Sirtex Group seek to drive forward the development of these new products.

Additionally, with the Group based in China and the Sirtex Group in the United States, the collarboation enables both parties to access, utilize and share valuable resources from their respective locations, including research facilities, techniques, talent pools and supply chain networks. In the long run, if the products could be developed and used widely, this collaboration could reinforce both parties' global presence, allowing both parties to reach more healthcare providers and patients.

The Company confirms that the Group and the Sirtex Group did not conduct any transaction contemplated under the Business Collaboration Agreement from 1 January 2025 to 24 April 2025.

Pricing Terms

The pricing terms of the various services contemplated under the Business Collaboration Agreement are set out below:

- **Project-based consultation and services**: The price of consultation services will be determined with reference to the qualification and expertise of the consultants involved, the nature and complexity of the engagement, and the typical market rate charged by the consultants required. The price for the manufacture and logistics support services will be determined with reference to the fees charged by third party providers for similar services.

- **Sponsored R&D projects**: Such projects will be priced mainly on a cost-plus approach (with a profit margin of generally not more than 10% which is based on the historical data of the Group of approximately 10-15% per similar project according to previous R&D projects of the Group), taking into accounts the duration of such project, the costs and expenses to be incurred for such projects purchase cost of research equipment, purchase cost of raw materials, supplies and consumables, sharing cost of labour and utility, cost of sharing of techniques, knowledge and know-how and cost of external contractors, etc.).

- **Recruitment and hiring of employees**: It is expected that employees with expertise in radiopharmaceutical industry will be recruited and hired by one company (the seconder), and seconded to the other company (the host) to assist in the R&D projects. The price for the recruiting and hiring of employees will be determined with reference to (i) the prevailing market rate of salaries of employee(s) with similar expertise in the radiopharmaceutical industry; and (ii) an annual service fee of not more than 10% of the annual salaries of such employee(s).

The annual service fee, capped at 10% of employees' annual salaries, was a negotiated rate reflecting the cost associated with payroll administration, human resources support, insurance, compliance and other overheads managed by the seconding company, which is a reasonable level compared to the Company's internal employee-related expenses.

The aforesaid pricing terms apply to the services provided by Sirtex Medical US and Chengdu Shetai and vice versa.

Annual caps

It is clarified that:

(i) the annual caps of the service fees payable by Chengdu Shetai to Sirtex Medical US under the Business Collaboration Agreement for the three years ended 31 December 2027 are US$1,200,000, US$1,200,000 and US$1,200,000, respectively; and

(ii) the annual caps of the service fees payable by Sirtex Medical US to Chengdu Shetai under the Business Collaboration Agreement for the three years ended 31 December 2027 are US$1,200,000, US$1,200,000 and US$1,200,000, respectively.

Basis of annual caps

As disclosed in the Announcement, the aforesaid annual caps were determined by the Directors based on the expected volume of activities for the Business Collaboration to be engaged between the parties and the prevailing market price for providing similar services or activities to or by third parties. In estimating the annual caps, the following has been taken into consideration:

- The budgeted amount of project-based consultation services would be in the range of US$50,000 to US$60,000. The budgeted amount of manufacture and logistics support services will be capped at US$50,000 per year. These were made with reference to the prevailing market prices of similar consultation services and manufacture and logistics support services.

  In particular, for the provision of consultation services by Chengdu Shetai to Sirtex Medical US, these were determined based on (i) the projected need for similar services by Sirtex Medical US in a year and (ii) the cost and expenses for similar projects incurred by Chengdu Shetai in the past.

  For the provision of consultation services by Sirtex Medical US to Chengdu Shetai, these were determined based on (i) the expected demand for similar services by Chengdu Shetai in a year, and (ii) the cost and expenses for similar projects incurred by Sirtex Medical US in the past.

- The budgeted amount of sponsored R&D projects would be in the range of US$450,000 to US$500,000.

  For the provision of services by Chengdu Shetai to Sirtex Medical US, this was determined after considering the operations of the Group and based on (i) the expected nature and number of the research and development projects, and (ii) the costs of similar research and development projects carried out by the Group in the past.

For the provision of services by Sirtex Medical US to Chengdu Shetai, this was determined based on (i) the expected nature and number of the research and development projects, (ii) the costs of similar research and development projects carried out by Sirtex Medical US in the past.

- The budgeted amount of the fee for recruiting and hiring of employees is based on the expected needs for the relevant talents specialized in the field of radiopharmaceutical industry, and the assumption of the recruitment and secondment of one or more employees with maximum annual salaries of US$500,000 per person which is based on the prevailing market salary of the relevant talents in the field of radiopharmaceutical industry with similar expertise and experience (according to various independent recruitment agents in China), plus an annual service fee of 10% of such employee's salaries. For the avoidance of doubt, it is currently expected that each party may recruit and second one person to the other party each year.

Internal control measures

In order to ensure that the terms under the Business Collaboration Agreement for the continuing connected transactions are fair and reasonable, and the transactions are carried out based on normal or better commercial terms, the Group has adopted the following internal control measures:

(i) in connection with the provision of services by Sirtex Medical US to Chengdu Shetai, (a) before confirming the services to be provided by Sirtex Medical US, the operation manager of the Group will obtain and review all the fee quotations relation to the Business Collaboration Agreement, compared the components of the fee quotations against a list of quotations obtained within six months of similar services kept by the Group which is updated quarterly, and ensure that service fees are determined in accordance with the pricing policies mentioned in the Announcement and in this announcement to ensure that the service fees are fair and reasonable, and the service fees offered by Sirtex Medical US to the Group are no less favourable than those offered by Independent Third Parties; and (b) the general manager of the Group has been designated to conduct review on and approve the service fees payable by the Group;

(ii) in connection with the provision of services by Chengdu Shetai to Sirtex Medical US, the operation manager of the Group will quarterly compare the fee quotations offered to Sirtex Medical US with the list of historical service fees charged by the Group to Independent Third Parties for similar services (which is updated quarterly) to ensure that the service fees offered to Sirtex Medical US are at least the same as the benchmark and rate of similar projects and services offered by the Group to Independent Third Parties;

(iii) in relation to the pricing terms for R&D projects and recruiting and hiring of employees, the Group will quarterly review and if necessary, subject to the consent of the Sirtex Group, adjust the relevant service fees with reference to the list of quotations and list of historical service fees mentioned in (i) and (ii) above;

(iv) the finance manager of the Group will (a) monitor the transaction amounts and review the management accounts on a monthly basis to ensure that the actual transaction amounts do not exceed the relevant annual caps; and (b) report to the Board for consideration and approval, to determine whether revision of annual caps is necessary to comply with the Listing Rules if the transaction amount is expected to exceed the relevant annual caps;

(v) the Company's auditors and the independent non-executive Directors will conduct annual review on the continuing connected transactions under the Business Collaboration Agreement and provide annual confirmations to ensure that, pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the transactions are conducted in accordance with the terms of the such agreement, on normal commercial terms and in accordance with the relevant pricing policies; and

(vi) the Board will continue to review annually the Company's internal control systems and its effectiveness.

Accordingly, the Directors consider that the above methods and procedures are effective to ensure that the transactions contemplated under the Business Collaboration Agreement have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

Updates on CDH Fund V, L.P.

To the best of the Directors' knowledge based on the disclosure made to the Company and the Stock Exchange under the provisions of Part XV of the Securities and Futures Ordinance, on 16 May 2025, the shareholding in the Company held by CDH Giant Health I Limited (which is wholly-owned by CDH Fund V, L.P.) decreased from 356,648,142 Shares (representing approximately 10.05% of the total issued share capital of the Company) to 306,100,142 Shares (representing approximately 8.62% of the total issued share capital of the Company).

Accordingly, CDH Giant Health I Limited and CDH Fund V, L.P. are no longer substantial shareholders of the Company, and CDH Giant Health I Limited, CDH Fund V, L.P., CDH Genetech, Sirtex Holdco and Sirtex Medical US have ceased to be connected persons of the Company, and the transactions contemplated under the Business Collaboration Agreement will no longer constitute connected transactions of the Company.

Save as disclosed in this supplemental announcement, all information set out in the Announcement remains unchanged.

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

Hong Kong, 17 July 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*