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China Grand Pharmaceutical and Healthcare Holdings Limited

遠大醫藥健康控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00512)

VOLUNTARY ANNOUNCEMENT

**THE GROUP ENTERED INTO MAJOR TERMS FOR THE PRODUCTION AND
GLOBAL COMMERCIALIZATION RIGHTS OF A WORLD-WIDE INNOVATIVE
VESICULAR STOMATITIS VIRUS PRODUCT
AND
SUBSCRIPTION OF SHARES OF A COMPANY**

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

The Board is pleased to announce that the Group recently entered into an equity investment agreement (the “**Investment Agreement**”) with Shanghai Revolmmune Therapeutics Biotechnology Limited (上海行深生物科技有限公司)(the “**Revolmmune**”), pursuant to which the Group will invest RMB30,000,000 into Revolmmune to obtain approximately 9.7% equity interests of Revolmmune and a board seat, subject to certain terms set out in the Investment Agreement being fulfilled. Furthermore, the Group has agreed with Revolmmune on certain major terms related to products transfer and development. The Group will base on these agreed terms for further negotiation in order to obtain the world-wide exclusive rights (including the rights of global development, production and commercialization) for the world-wide innovative Vesicular Stomatitis Virus product from Revolmmune (“**VSV-GPM**”) for the treatment of colorectal cancer, and also the pre-emptive rights of cooperation for other products developed by Revolmmune. Subject to the conclusion of the said cooperation, VSV-GPM will become another world-wide innovative product of the Group in the field of tumor precision treatment and tumor immunity, following the existing SIR-Sphere Y-90 resin microsphere and TAVO products. This may further strengthen the layout of the Group in the field of tumor precision treatment and tumor immunity.

Oncolytic virus is a new generation antitumor immunotherapy drug and is a new method for tumor treatment. Oncolytic virus has high efficiency in killing tumor cells, with good targeting rate, high safety, minor side effects and low cost. This may make the oncolytic virus as one of the malignant tumor treatment method with best potential and prospects.

Vesicular Stomatitis Virus (“**VSV Virus**”) is a RNA type oncolytic virus. It can dissolve tumor but the gene of virus will not integrate into gene of human cells, thus it does not have the risk of genotoxicity and is much safer. VSV-GPM is a VSV Virus product with modified gene, which can strengthen the selectivity towards tumor cells and lower the toxicity to normal cells and as a result enhance its safety and efficiency. Furthermore, VSV-GPM is an oncolytic virus product

aim at common target of refractory tumors. Refractory tumors with such target usually have high morbidity, high malignancy and high death rate, and currently no effective treatment method. These include pancreatic cancer, colorectal cancer, lung cancer, liver cancer, esophageal cancer, gastric cancer, etc. According to the data from World Health Organization, in 2018 there were 23.7 colorectal cancer patients in every 10,000 people, among which RAS positive patients accounted for 52%. According to the data of National Cancer Centre, colorectal cancer patients in China increased from approximately 376,000 in 2014 to approximately 427,000 in 2018, with annual compound growth rate at approximately 3.2%. Market research firm Frost & Sullivan forecasted that in 2023 there will be approximately 495,000 colorectal cancer patients in China, represents a compound growth rate of approximately 3.0% between 2018 to 2023. This shows the clinical need is big and unsatisfied.

Revolmmune is a high-tech biotechnology and bio-medical research startup company. It focuses on the research and application of vital vector and tumor immunotherapy in order to enhance the target accuracy, replication ability and oncolytic activity of the virus. It also strives in the development of vein feeding and immunopotency of the virus and work on the promotion of the innovative tumor immunotherapy in order to the provide precise treatment method to tumor patients. The research team of Revolmmune has worked on the research of oncolytic virus for a long time and owned certain core technology. The founding team composites of doctors and professors from domestic and overseas famous institutions, and experienced researchers from international top-rated pharmaceutical manufacturers. The existing team also has a few doctors as the backbone and is developing and expanding rapidly.

The Group always puts focus on the R&D of new products and is actively involved in activities such as global investment and acquisition of high-quality products and assets in core treatment areas, in order to enrich product lines and innovative core products reserve. In view of the reasons about the core products reserve of the Group and the long term new product development as stated above, the Board considered that subscribe shares of Revolmmune and cooperate in core products is in the interests of the Company and shareholders of the Company as a whole.

Warning

The products of Revolmmune are still in the early R&D stage. The approval of commercialization, production and sales for such product is subject to various factors with uncertainty. The returns from investment in equity interests and product cooperation are with relatively large uncertainty. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the securities of the Company.

Note: the English names of entities and products are unofficial translation or transliteration from their Chinese names and are for identification purposes only.

By order of the Board
**China Grand Pharmaceutical and
Healthcare Holdings Limited**
Liu Chengwei
Chairman

Hong Kong, 14 July 2020

As at the date of this announcement, the Board comprises four executive directors, namely, Mr. Liu Chengwei, Mr. Hu Bo, Dr. Shao Yan and Dr. Niu Zhanqi and three independent non-executive directors, namely, Ms. So Tosi Wan, Winnie, Dr. Pei Geng and Mr. Hu Yebi.

** For identification purpose only*