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Xuanzhu Biopharmaceutical Co., Ltd.

軒竹生物科技股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2575)

VOLUNTARY ANNOUNCEMENT ARBITRATION AWARD AGAINST THE COMPANY

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of Xuanzhu Biopharmaceutical Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform the shareholders of the Company and potential investors of certain business update of the Group.

The Company recently received an arbitration award (the “**Award**”) from the China International Economic and Trade Arbitration Commission (“**CIETAC**”) in respect of a dispute arising from a technology transfer contract (the “**Contract**”) between a biotechnology company established in the People's Republic of China (the “**Applicant**”) and the Company (the “**Arbitration**”).

I. Background

On May 21, 2021, the Company entered into the Contract with the Applicant, pursuant to which the Applicant exclusively transferred to the Company the rights to apply for marketing authorization and commercialize certain pharmaceutical product in the People's Republic of China.

In the context where the generic drugs of this product have been included in the National Centralized Volume-Based Drug Procurement (“**National Centralized Procurement**”), and the prices of similar drugs have declined significantly following the implementation of the National Centralized Procurement, disputes aroused in respect of the research and development deliverables and the subsequent progression of good manufacturing practice (GMP) inspection, and the parties had previously engaged in discussions regarding a no-liability termination of the Contract, but failed to reach an settlement. On October 17, 2024, the Applicant filed an arbitration application with CIETAC, seeking, among other things, confirmation of the termination of the Contract, compensation for economic losses, reimbursement of prepaid expenses, legal fees, and arbitration costs.

II. Award

On July 15, 2026, the arbitral tribunal has issued the final Award and ordered the Company to pay a total amount of approximately RMB9.33 million. The Award is final and binding as of the date of issuance.

III. Actions Taken by the Company

The Company has made accounting provisions in respect of the Arbitration in its 2025 annual financial statements.

IV. Impact on the Group's Financial and Operational Position

The Board has assessed the impact of the Award on the Group's financial and operational position, and believes that: (i) the payment obligation of approximately RMB9.33 million will not place significant pressure on the Company's working capital or daily operations, and the Company has made accounting provisions in respect of the Arbitration in its 2025 annual financial statements which would not bring material effect on the Company's 2026 interim financial statements and the subsequent results of operation; and (ii) the relevant pharmaceutical product is an introduced generic pharmaceutical product. At present, the generic products of this variety have been included in the National Centralized Procurement, resulting in a significant shrinking in the market potential. After prudent evaluation, the Company considers its commercialization value to be limited and determines that there is no necessity for continued advancement. Accordingly, the relevant pharmaceutical product was never included in the Company's core product pipeline planning or valuation model, and has no relevance to the Company's current research and development system or core commercialization business.

To the best of the Directors' knowledge, information and belief, the Arbitration does not affect the Company's core business or the R&D progress of its key pipelines and is not expected to have any material adverse effect on the Group's overall business operations and financial position.

This announcement is made by the Company for the purpose of keeping its shareholders and potential investors informed of the Group's latest business developments. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Xuanzhu Biopharmaceutical Co., Ltd.
Ms. Xu Yanjun

Chairperson of the Board and executive Director

Hong Kong, July 19, 2026

As of the date of this announcement, the Board comprises (i) Ms. Xu Yanjun and Dr. Shih Cheng-Kon as executive Directors; (ii) Ms. Li Huiying, Mr. Yu Lifeng and Ms. Chen Yanling as non-executive Directors; (iii) Ms. Yue Xin as employee representative Director; and (iv) Mr. Liu Shuo, Ms. Wang Yu and Mr. Fan Chi Chiu as independent non-executive Directors.