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Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd.

杭州九源基因生物醫藥股份有限公司

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

(Stock code: 2566)

**RENEWAL OF
EXISTING CONTINUING CONNECTED TRANSACTIONS**

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that: (i) on August 19, 2026, the Company entered into the 2026 Renewed Procurement Framework Agreement with Huadong Medicine to renew the continuing connected transaction under the Procurement Framework Agreement for the three years ending December 31, 2029; (ii) on August 19, 2026, the Company entered into the 2026 Renewed Pharmaceutical Products Distribution Framework Agreement with Huadong Medicine to renew the continuing connected transaction under the Pharmaceutical Products Distribution Framework Agreement for the three years ending December 31, 2029; (iii) on August 19, 2026, the Company entered into the 2026 Renewed Manufacturing Services Framework Agreement with Zhongmei Huadong to renew the continuing connected transaction under the Manufacturing Services Framework Agreement for the year ending December 31, 2027; (iv) on August 19, 2026, the Board approved the renewal of the continuing connected transaction under the Revenue-Sharing Royalty Arrangement pursuant to the Liraglutide Transfer Agreements; and (v) on August 19, 2026, the Board approved the renewal of the continuing connected transaction under the API Overseas Sales Arrangements pursuant to the Liraglutide Transfer Agreements for the three years ending December 31, 2029.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Zhongmei Huadong directly held approximately 17.51% of the issued share capital of the Company and is a substantial shareholder of the Company. According to Rule 14A.07 of the Listing Rules, Zhongmei Huadong and its associates are connected persons of the Company. As of the date of this announcement, Huadong Medicine was the holding company of Zhongmei Huadong. Pursuant to Rule 14A.13 of the Listing Rules, Huadong Medicine is an associate of Zhongmei Huadong, and thus, a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions between the Company and either Zhongmei Huadong or Huadong Medicine under the 2026 Renewed Agreements and Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the 2026 Renewed Manufacturing Services Framework Agreement, the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements are all in relation to liraglutide, these series of transactions contemplated thereunder shall be aggregated as if they were one transaction, pursuant to Rule 14A.81 of the Listing Rules.

One or more of the applicable percentage ratios of the proposed annual caps for the transactions under the 2026 Renewed Manufacturing Services Framework Agreement, the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements, when aggregated pursuant to Rule 14A.81 of the Listing Rules, are more than 0.1% but all of them are less than 5.0%. One or more of the applicable percentage ratios of the proposed annual caps for the transactions under each of the 2026 Renewed Procurement Framework Agreement and the 2026 Renewed Pharmaceutical Products Distribution Framework Agreement are more than 0.1% but all of them are less than 5%. Therefore, the transactions under each of the 2026 Renewed Agreements and Arrangements will constitute partially exempt continuing connected transactions of the Company subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the duration of the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged the Independent Financial Adviser to explain why a longer period for such arrangements is required and to confirm whether it is normal business practice for agreements of similar nature to be of such duration.

I. INTRODUCTION

Reference is made to the section headed “Connected Transactions” in the prospectus published by the Company on November 20, 2024. As (i) the current term of each of the Procurement Framework Agreement, the Pharmaceutical Products Distribution Framework Agreement and the Manufacturing Services Framework Agreement will expire on December 31, 2026, (ii) the existing annual caps for the continuing connected transactions under the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements pursuant to the Liraglutide Transfer Agreements cover the period up to December 31, 2026, the Company on August 19, 2026 (after trading hours) entered into the 2026 Renewed Procurement Framework Agreement, the 2026 Renewed Pharmaceutical Products Distribution Framework Agreement and the 2026 Renewed Manufacturing Services Framework Agreement to renew the relevant continuing connected transactions, and the Board approved (i) the renewal of the continuing connected transaction under the Revenue-Sharing Royalty Arrangement pursuant to the Liraglutide Transfer Agreements, and (ii) the renewal of the continuing connected transaction under the API Overseas Sales Arrangements pursuant to the Liraglutide Transfer Agreements for the three years ending December 31, 2029.

II. INFORMATION ABOUT THE PARTIES

The Company

The Company is a biopharmaceutical company in China with over 30 years of proven track record in the R&D, manufacturing and commercialization of biopharmaceutical products and medical devices. The Company focuses on four large and fast-growing therapeutic areas: orthopedics, metabolic diseases, oncology and hematology.

Huadong Medicine

Huadong Medicine was established under the laws of the PRC on March 31, 1993, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000963.SZ). Huadong Medicine’s business covers the entire pharmaceutical industry chain, encompassing four major segments: pharmaceutical manufacturing, pharmaceutical distribution, medical aesthetics, and industrial microbiology.

Zhongmei Huadong

Zhongmei Huadong was established under the laws of the PRC on December 31, 1992. It is currently a wholly-owned subsidiary of Huadong Medicine. It is a comprehensive pharmaceutical company integrating traditional Chinese medicine, Western medicine, biotechnology and API products, and their finished dosage forms.

III. 2026 RENEWED AGREEMENTS AND ARRANGEMENTS

The parties, principal terms, transaction reason, pricing policy, historical transaction amounts and annual caps of each of the 2026 Renewed Agreements and Arrangements are set out as below:

(I) 2026 Renewed Procurement Framework Agreement

Parties: Huadong Medicine and the Company

Principal terms: On August 19, 2026 (after trading hours), the Company entered into the 2026 Renewed Procurement Framework Agreement with Huadong Medicine (on behalf of Huadong Medicine Connected Persons), pursuant to which Huadong Medicine Connected Persons will supply the Company with medical products and equipment, including (i) raw materials and medical consumables for drug production, and research and development; (ii) medical equipment for drug quality inspection; (iii) original pharmaceutical drugs for the Company's research projects; and (iv) other supplementary services annexed to the procured equipment, such as transportation, installation, training and maintenance. Huadong Medicine Connected Persons and the Company may enter into agreements or purchase orders to set out the specific terms and conditions for specific procurement of products or services. The term of the 2026 Renewed Procurement Framework Agreement will commence from January 1, 2027 until December 31, 2029.

Reasons for the transaction: Huadong Medicine Connected Persons are principally engaged in the distribution and sales of medicines, medical consumables and equipment, and are known for their extensive range of product offerings. As the Company has established a diversified pharmaceutical product portfolio, procurement of the relevant medical consumables and equipment, and supplementary services are essential to its daily operation and is in line with its ordinary and usual course of business. Huadong Medicine Connected Persons have been providing the Company with medical consumables and equipment with high quality, stable and quick delivery at a reasonable price since 2001. The Company believes that Huadong Medicine Connected Persons are familiar with the Company's safety and quality standards and will be able to meet its demands efficiently.

Pricing policy: The prices for procuring medical consumables and equipment, and supplementary services from Huadong Medicine Connected Persons, will be charged at rates no less favorable than rates at which the Company pays independent third parties for comparable transactions and will be determined by the parties through arm's length negotiations with reference to, among others, (i) the prevailing market rates of comparable medical consumables and equipment, and supplementary services provided by the independent third parties; and (ii) the winning price in a public bidding process, determined through thorough assessment by the Company's internal departments when the procurement of equipment valued at over RMB100,000.

Existing annual caps and actual transaction amounts: The annual caps for the years ended December 31, 2024, 2025 and 2026 were RMB11.8 million, RMB14.1 million and RMB17.0 million, respectively. As of the date of this announcement, the Company's actual transaction amounts under the Procurement Framework Agreement did not exceed the annual caps in the respective years. The Company's purchase amounts under the Procurement Framework Agreement were approximately RMB6.2 million, RMB3.5 million and RMB1.8 million for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively.

Proposed annual caps and their basis: The proposed annual caps of the transactions under the 2026 Renewed Procurement Framework Agreement for the years ending December 31, 2027, 2028 and 2029 are RMB5.1 million, RMB5.1 million and RMB5.1 million, respectively. The proposed annual caps were estimated with reference to, amongst others, (i) the historical transaction amounts in the past years; (ii) the Company's expected demands for medical products and equipment from Huadong Medicine Connected Persons in these three years; and (iii) the medical consumables and equipment, and supplementary services that the Company expects to procure from Huadong Medicine Connected Persons.

(II) 2026 Renewed Pharmaceutical Products Distribution Framework Agreement

Parties: Huadong Medicine and the Company

Principal terms: On August 19, 2026 (after trading hours), the Company entered into the 2026 Renewed Pharmaceutical Products Distribution Framework Agreement (on behalf of Huadong Medicine Connected Persons), pursuant to which Huadong Medicine Connected Persons will help distribute the Company's products to medical institutions and purchase from the Company pharmaceutical products for distribution to hospitals that are independent third parties. Under the 2026 Renewed Pharmaceutical Products Distribution Framework Agreement, Huadong Medicine and the Company will enter into agreements to set out the terms and conditions in respect of the distribution of specific pharmaceutical products from time to time. The term of the 2026 Renewed Pharmaceutical Products Distribution Framework Agreement will commence from January 1, 2027 until December 31, 2029.

Reasons for the transaction: The Company's principal business is the provision of medical devices, generic small molecule drugs, recombinant proteins and other marketed products. The Company sells its drug products primarily to third-party distributors, who are the Company's direct customers and are responsible for on-selling and delivering its products to hospitals, other medical institutions and pharmacies. The Company has a seller-buyer relationship with its distributors. The Company believes this distribution model helps extend its coverage in a cost-effective manner while retaining proper control over its distribution network and marketing and promotion process. Since 2000, the Company has been distributing its marketed products through Huadong Medicine Connected Persons. With their wide and developed distribution network, Huadong Medicine Connected Persons were selected as the Company's distributors in accordance with its distributor management policy from time to time. Under similar or comparable terms, the Company prefers Huadong Medicine Connected Persons for their good market reputation, ample experience and solid foundation in this field and their long-term business relationship with the Company.

Pricing policy: The prices for the pharmaceutical products provided by the Company to Huadong Medicine will be no more favorable to Huadong Medicine than those the Company offers to other distributors that are independent third parties for comparable transactions, and will be determined by the Company and Huadong Medicine Connected Persons through arm's length negotiations with reference to, among others, (i) the procurement prices announced by competent local authorities, namely, the provincial tendering offices; and (ii) the prices offered by the Company to independent third-party distributors for the relevant pharmaceutical products.

Existing annual caps and actual transaction amounts: The annual caps for the years ended December 31, 2024, 2025 and 2026 were RMB65.7 million, RMB81.1 million and RMB104.0 million, respectively. As of the date of this announcement, the Company's actual transaction amounts under the Pharmaceutical Products Distribution Framework Agreement did not exceed the annual caps in the respective years. The amounts charged by the Company were approximately RMB47.8 million, RMB45.9 million and RMB23.4 million for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively.

Proposed annual caps and their basis: The proposed annual caps of the transactions under the 2026 Renewed Pharmaceutical Products Distribution Framework Agreement for the years ending December 31, 2027, 2028 and 2029 are RMB47.0 million, RMB48.0 million and RMB48.0 million, respectively. The proposed annual caps were estimated with reference to, amongst others, (i) the historical transaction amounts; (ii) the anticipated market demands for our products from medical institutions; and (iii) the potential price fluctuation of the raw materials in relation to the pharmaceutical products.

(III) 2026 Renewed Manufacturing Services Framework Agreement

Parties: Zhongmei Huadong and the Company

Principal terms: On August 19, 2026 (after trading hours), Zhongmei Huadong and the Company entered into the 2026 Renewed Manufacturing Services Framework Agreement, pursuant to which the Company will provide manufacturing services for API and injection products of liraglutide to Zhongmei Huadong and/or its associates. Under the 2026 Renewed Manufacturing Services Framework Agreement, the Company and Zhongmei Huadong and/or its associates will enter into agreements to set out terms and conditions in respect of specific manufacturing services from time to time. The term of the 2026 Renewed Manufacturing Services Framework Agreement will commence from January 1, 2027 until December 31, 2027.

Reasons for the transaction: Considering the Company's manufacturing capabilities and expertise in liraglutide, as well as Zhongmei Huadong's expected manufacturing arrangements, the Company will continue to provide the manufacturing services to Zhongmei Huadong until December 31, 2027. The Company's longstanding cooperation with Zhongmei Huadong has allowed both Zhongmei Huadong and the Company to gain a comprehensive understanding of each other's business and operational requirements, fostering a solid foundation of mutual trust. Leveraging its production capacity, the Company is able to provide quality manufacturing services to satisfy the needs of Zhongmei Huadong in the Company's ordinary and usual course of business.

Pricing policy: The service fees charged by the Company from Zhongmei Huadong and/or its associates will be no more favorable to such connected persons than that offered by the Company to other independent third parties for comparable transactions and will be determined by the Company and Zhongmei Huadong and/or its associates through arm's length negotiations with reference to a number of factors, among others, (i) the nature and value of the relevant services rendered by the Company; (ii) the actual cost and expenses for the manufacturing services; and (iii) the market prevailing gross margin of comparable manufacturing services.

Existing annual caps and actual transaction amounts: The annual caps for the years ended December 31, 2024, 2025 and 2026 were RMB64.7 million, RMB72.5 million and RMB81.4 million, respectively. As of the date of this announcement, the Company's actual transaction amounts under the Manufacturing Services Framework Agreement did not exceed the annual caps in the respective years. The amounts charged by the Company for the manufacturing services from Zhongmei Huadong were approximately RMB62.1 million, RMB29.2 million and RMB25.7 million for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively.

Proposed annual cap and its basis: The proposed annual cap of the transactions under the 2026 Renewed Manufacturing Services Framework Agreement for the year ending December 31, 2027 is RMB40.0 million. The proposed annual cap was estimated with reference to, amongst others, (i) the Company's manufacturing capacity for liraglutide API and injection products and the orders expected to be placed by Zhongmei Huadong; (ii) the production costs of liraglutide API and injection products; (iii) the prevailing market gross margin for comparable manufacturing services; and (iv) the expected progress of Zhongmei Huadong in establishing its own full-process production line and achieving the anticipated production capacity by the end of 2027.

(IV) 2026 Renewed Revenue-Sharing Royalty Arrangement

Parties: Zhongmei Huadong and the Company

Principal terms: As disclosed in the section headed "Connected Transactions" in the prospectus published by the Company on November 20, 2024, the Company exclusively transferred to Zhongmei Huadong the IND approval and the relevant technology and intellectual property rights relating to the T2DM and obesity indications of liraglutide as a one-off transaction under the Liraglutide Transfer Agreements. In return, the Company is entitled to receive a royalty equal to 3.0% of the annual net sales of liraglutide by Zhongmei Huadong during the first six years following its commercial launch. Zhongmei Huadong had commenced the sales of the liraglutide product in May 2023, and the six-year revenue-sharing period under the Revenue-Sharing Royalty Arrangement will expire in May 2029.

Reasons for the transaction: Through the Revenue-Sharing Royalty Arrangement, the Company shares revenue from liraglutide product sales of Zhongmei Huadong, which will contribute to the Company's revenue and is beneficial to the Company's overall financial performance. The 3.0% royalty was determined after arm's length negotiations between the Company and Zhongmei Huadong, taking into account (i) common practice in the pharmaceutical industry in respect of revenue sharing based on sales of products developed under the transferred intellectual property; (ii) the average proportion of the net sales to be enjoyed by an intellectual property transferor under similar arrangements; and (iii) the potential revenue and profitability from the liraglutide product sales. The Revenue-Sharing Royalty Arrangement was arrived at after arm's length negotiation and is in line with the industry average for similar arrangements, the Company believes the Revenue-Sharing Royalty Arrangement is fair and reasonable to the parties thereto, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Existing annual caps and actual transaction amounts: The annual caps for the years ended December 31, 2024, 2025 and 2026 were RMB10.2 million, RMB11.7 million and RMB13.5 million, respectively. As of the date of this announcement, the Company's actual transaction amounts under the Revenue-Sharing Royalty Arrangement did not exceed the annual caps in the respective years. The Company was entitled to royalties in the amount of RMB5.6 million, RMB5.4 million and RMB3.0 million for the years ended December 31, 2024 and 2025 and the six months ended June 30, 2026, respectively.

Proposed annual caps and their basis: The proposed annual caps of the transactions under the 2026 Renewed Revenue-Sharing Royalty Arrangement for the years ending December 31, 2027, 2028 and 2029 are RMB10.0 million, RMB12.0 million and RMB8.0 million, respectively. The proposed annual caps were estimated with reference to, amongst others, (i) the anticipated annual sales of the liraglutide product; (ii) the effective government-guided price of the liraglutide product as determined by the National Healthcare Security Administration; and (iii) the expected expiration of the Revenue-Sharing Royalty Arrangement in May 2029 upon the completion of the six-year revenue-sharing period.

(V) 2026 Renewed API Overseas Sales Arrangements

Parties: Zhongmei Huadong and the Company

Principal terms: As disclosed in the section headed "Connected Transactions" in the prospectus published by the Company on November 20, 2024, in April 2022, the Company entered into supplementary arrangements with respect to sales of liraglutide's API to the overseas market (the "**API Overseas Sales Arrangements**") with Zhongmei Huadong, pursuant to which the Company granted Zhongmei Huadong the right to distribute liraglutide's API in the overseas market. In return, Zhongmei Huadong should pay a sales royalty equal to 7.0% of the net sales generated from its overseas sales of liraglutide's API. This arrangement will extend for 15 years, commencing from the year Zhongmei Huadong achieves initial overseas sales of liraglutide's API.

Reasons for the transaction: Through the 2026 Renewed API Overseas Sales Arrangements, the Company shares revenue from liraglutide's API overseas sales from Zhongmei Huadong, which will contribute to the Company's revenue and is beneficial to the Company's overall financial performance. The 7% royalty was determined after arm's length negotiations between the Company and Zhongmei Huadong, taking into account (i) the commercial value of the overseas distribution rights granted to Zhongmei Huadong in respect of liraglutide's API; (ii) the prevailing revenue-sharing ratios under comparable arrangements in the pharmaceutical industry; (iii) the expected market demand, sales potential and profitability of liraglutide's API in the overseas market; and (iv) the duration of the revenue-sharing arrangement. The 2026 Renewed API Overseas Sales Arrangements was arrived at after arm's length negotiation and is in line with the industry average for similar arrangements, the Company believes the 2026 Renewed API Overseas Sales Arrangements is fair and reasonable to the parties thereto, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

Existing annual caps and actual transaction amounts: The annual caps for the years ended December 31, 2024, 2025 and 2026 were nil, nil and RMB14.0 thousand, respectively. As Zhongmei Huadong had not commenced selling liraglutide's API to the overseas market as of the date of this announcement, there was no historical amount received by the Company from Zhongmei Huadong under the API Overseas Sales Arrangements.

Proposed annual caps and their basis: The proposed annual caps of the transactions under the 2026 Renewed API Overseas Sales Arrangements for the years ending December 31, 2027, 2028 and 2029 are RMB1.0 million, RMB1.0 million and RMB1.0 million, respectively. The proposed annual caps were estimated with reference to, amongst others, Zhongmei Huadong's expected selling efforts in the overseas market with regard to liraglutide's API and its expected scale of sales in the foreseeable future.

IV. INTERNAL CONTROL MEASURES FOR CONTINUING CONNECTED TRANSACTIONS

The Company has established the following internal control measures to closely monitor connected transactions and ensure that existing and future connected transactions are on normal commercial terms that are no less favorable to the Company than terms available to or offered by independent third parties:

- the Company has adopted and implemented a management system for connected transactions. Under such system, the Audit Committee is responsible for overseeing compliance with relevant laws, regulations, the Company's internal policies, and the Listing Rules in respect of the connected transactions. In addition, the Audit Committee, the Board, and the internal departments of the Company (including but not limited to the internal audit department and procurement department) are jointly responsible for evaluating the terms under the framework agreements for continuing connected transactions;
- with respect to the fairness of the pricing policies and annual caps under the framework agreements with connected persons, the management team will regularly review them through the following procedures: (i) if a comparable market price is available, the management team will compare the proposed product price or service fee with the market price to ensure that the proposed product price or service fee will not be less favorable to the Company than the market price; and (ii) if no comparable market price is available, the procurement or sales department will conduct arm's length negotiation with the relevant connected persons to determine the terms in line with the relevant pricing policies based on a number of factors including prices offered by independent third parties, competition landscape, production costs and expenses, transaction volumes and etc.;
- after arm's length negotiation with the relevant connected persons and several rounds of internal assessment conducted on individual transactions based on the above factors by the Company's internal departments such as business department and treasury department, a final report will be made to the senior management who will approve individual transactions;

- the internal audit department will regularly collect and monitor the transaction amount of continuing connected transactions to ensure timely assessment of whether the annual caps are exceeded or about to be exceeded; and
- the independent non-executive Directors will also conduct an annual review on the partially exempt continuing connected transactions and non-exempt continuing connected transactions to ensure that such transactions have been entered into on normal commercial terms, are fair and reasonable, and are conducted according to the terms of the relevant framework agreement. The auditor of the Company will also conduct an annual review on the pricing and annual caps of the partially exempt continuing connected transactions and non-exempt continuing connected transactions.

V. LISTING RULES IMPLICATIONS

As of the date of this announcement, Zhongmei Huadong directly held approximately 17.51% of the issued share capital of the Company and is a substantial shareholder of the Company. According to Rule 14A.07 of the Listing Rules, Zhongmei Huadong and its associates are connected persons of the Company. As of the date of this announcement, Huadong Medicine was the holding company of Zhongmei Huadong. Pursuant to Rule 14A.13 of the Listing Rules, Huadong Medicine is an associate of Zhongmei Huadong, and thus, a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions between the Company and either Zhongmei Huadong or Huadong Medicine under the 2026 Renewed Agreements and Arrangements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the 2026 Renewed Manufacturing Services Framework Agreement, the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements are all in relation to liraglutide, these series of transactions contemplated thereunder shall be aggregated as if they were one transaction, pursuant to Rule 14A.81 of the Listing Rules.

One or more of the applicable percentage ratios of the proposed annual caps for the transactions under the 2026 Renewed Manufacturing Services Framework Agreement, the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements, when aggregated pursuant to Rule 14A.81 of the Listing Rules, are more than 0.1% but all of them are less than 5.0%. One or more of the applicable percentage ratios of the proposed annual caps for the transactions under each of the 2026 Renewed Procurement Framework Agreement and the 2026 Renewed Pharmaceutical Products Distribution Framework Agreement are more than 0.1% but all of them are less than 5%. Therefore, the transactions under each of the 2026 Renewed Agreements and Arrangements will constitute partially exempt continuing connected transactions of the Company subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the duration of the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has engaged Gram Capital to explain why such arrangements require a longer period and to confirm that it is normal business practice for arrangements of these types to be of such duration.

VI. OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the reasons for the duration of the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements to be longer than three years, Gram Capital has considered the following factors:

- the Company is entitled to sales royalty from transactions contemplated under both the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements, which are expected to contribute to the Group's revenue. A comparatively long duration of such revenue-sharing arrangements (i.e. the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements) will bring to the Group a long term and sustainable source of income;
- it would be unduly burdensome and would add unnecessary administration costs for a renewal of the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements every three years or less as the duration of both the sales of liraglutide products and liraglutide's API by Zhongmei Huadong are expected to be longer than three years; and
- a long-term royalty arrangement or revenue-sharing arrangement under the licensing arrangements is customary in the pharmaceutical industry for commercialization collaborations and/or licensing arrangements (or similar arrangements).

In considering whether it is normal business practice for agreements of similar nature with the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements to have a term of such duration, Gram Capital has identified and reviewed the terms of over ten similar revenue-sharing arrangements as announced by listed companies on the Stock Exchange. The durations of the revenue-sharing arrangements were (i) specified with terms ranging from 10 to 14 years; or (ii) specified but indefinite in practice (e.g. initial fixed term ranging from 10 to 15 years but can automatically be renewed for an additional term unless any of the parties notifies the other of its intention not to renew the license agreement, or otherwise agreed); or (iii) unspecified.

Taking into account the above, Gram Capital confirms that the duration of the Revenue-Sharing Royalty Arrangement and the API Overseas Sales Arrangements, which is longer than three years, is required and it is normal business practice for agreements of this type to be of such duration.

VII. APPROVAL BY THE BOARD

As at the date of this announcement, among the Directors, Ms. Yan Weiting (嚴瑋婷) held positions in Zhongmei Huadong and accordingly she was considered to have material interests in the transactions under the 2026 Renewed Agreements and Arrangements. She had abstained from voting on the relevant Board resolutions approving, among others, the transactions and the proposed annual caps under the 2026 Renewed Agreements and Arrangements at the Board meeting. Save as disclosed, none of the Directors has interests in the 2026 Renewed Agreements and Arrangements. The transactions under the 2026 Renewed Agreements and Arrangements and the proposed annual caps of the transactions have been approved at the Board meeting held on August 19, 2026.

With respect to the 2026 Renewed Agreements and Arrangements, in view of (i) the reasons set out in the paragraphs headed “Reasons for the transaction”, (ii) the pricing policies under the relevant paragraphs headed “Pricing policy”, and (iii) the terms of each of the 2026 Renewed Agreements and Arrangements are no less favourable to the Company than those available from or to independent third parties, the Directors (including the independent non-executive Directors but excluding Ms. Yan Weiting) consider that each of the 2026 Renewed Agreements and Arrangements and the proposed annual caps of the continuing connected transactions under them have been entered into (i) in the ordinary and usual course of the business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

DEFINITIONS

“2026 Renewed Agreements and Arrangements”	refer to, collectively, (i) the 2026 Renewed Procurement Framework Agreement; (ii) 2026 Renewed Pharmaceutical Products Distribution Framework Agreement; (iii) 2026 Renewed Manufacturing Services Framework Agreement; (iv) 2026 Renewed Revenue-Sharing Royalty Arrangement; and (v) 2026 Renewed API Overseas Sales Arrangements
“2026 Renewed API Overseas Sales Arrangements”	the arrangements under the Liraglutide Transfer Agreements, pursuant to which, the Company granted Zhongmei Huadong the right to distribute liraglutide’s API in the overseas market. In return, Zhongmei Huadong should pay a sales royalty equal to 7.0% of the net sales generated from its overseas sales of liraglutide’s API. This arrangement will extend for 15 years, commencing from the year Zhongmei Huadong achieves initial overseas sales of liraglutide’s API
“2026 Renewed Manufacturing Services Framework Agreement”	the manufacturing services framework agreement entered into between the Company and Zhongmei Huadong on August 19, 2026

“2026 Renewed Pharmaceutical Products Distribution Framework Agreement”	the pharmaceutical products distribution framework agreement entered into between the Company and Huadong Medicine on August 19, 2026
“2026 Renewed Procurement Framework Agreement”	the procurement framework agreement entered into between the Company and Huadong Medicine on August 19, 2026
“2026 Renewed Revenue-Sharing Royalty Arrangement”	the arrangement under the Liraglutide Transfer Agreements, pursuant to which the Company is entitled to a 3.0% royalty based on the annual net sales of liraglutide by Zhongmei Huadong during the first six years of its commercial launch
“API”	active pharmaceutical ingredient, the substance in a pharmaceutical drug that is biologically active
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“Company”	Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd. (杭州九源基因生物醫藥股份有限公司) (previously known as Hangzhou Jiuyuan Gene Engineering Co., Ltd. (杭州九源基因工程股份有限公司)), a limited liability company established under the laws of the PRC on December 31, 1993 and converted into a joint stock company with limited liability on December 5, 2023
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“H Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which will be subscribed for and traded in Hong Kong dollars and listed on The Stock Exchange of Hong Kong Limited
“Huadong Medicine”	Huadong Medicine Co., Ltd. (華東醫藥股份有限公司), a limited liability company established under the laws of the PRC on March 31, 1993, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 000963.SZ)
“Huadong Medicine Connected Persons”	Huadong Medicine and its associate(s)

“IND”	investigational new drug, an application and approval process required before drug candidates may commence clinical trials
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser pursuant to Rule 14A.52 of the Listing Rules
“Liraglutide Transfer Agreements”	refer to, collectively, (i) the exclusive technology transfer agreement the Company entered into with Zhongmei Huadong in August 2017 in relation to the technology transfer and development of the T2DM indication; (ii) the exclusive technology transfer agreement the Company entered into with Zhongmei Huadong in May 2019 in relation to the technology transfer and development of the obesity indication; and (iii) the supplemental agreement the Company entered into with Zhongmei Huadong in April 2022 in relation to sales of liraglutide’s API to the overseas market
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the H Shares of the Company
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange (深圳證券交易所)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“T2DM”	type 2 diabetes mellitus, a metabolic disorder marked by insulin resistance and relative insulin deficiency, often associated with obesity and lifestyle factors

“Zhongmei Huadong”

Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd.
(杭州中美華東製藥有限公司), a limited liability company
established under the laws of the PRC on December 31,
1992, which is a wholly-owned subsidiary of Huadong
Medicine

By order of the Board

Hangzhou Jiuyuan Genetic Biopharmaceutical Co., Ltd.
杭州九源基因生物醫藥股份有限公司

FU Hang

*Executive Director, Chairman of the Board
and General Manager*

Hangzhou, the PRC, August 19, 2026

As of the date of this announcement, the Board comprises (i) Mr. Fu Hang (傅航) and Mr. Zhou Wei (周偉) as executive directors; (ii) Mr. Wu Shihang (吳詩航), Mr. Albert Esteve Cruella, Mr. Fei Junjie (費俊傑) and Ms. Yan Weiting (嚴瑋婷) as non-executive directors; (iii) Mr. Zhou Zhihui (周智慧), Ms. Ho Mei Yi (何美儀), Dr. Zhou Demin (周德敏) and Dr. Huang Wenli (黃文禮) as independent non-executive directors; and (iv) Mr. Xu Feihu (徐飛虎) as an employee representative director.