

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



上海復旦張江生物醫藥股份有限公司

Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.*

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

(Stock code:1349)

INSIDE INFORMATION TERMINATION OF PROMOTION SERVICE AGREEMENT WITH SHANGHAI HUIZHENG

This announcement is made by Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.* (the “**Company**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, of the Laws of Hong Kong).

On 29 October 2018, the Company and Huizheng (Shanghai) Pharmaceuticals Technology Co., Ltd.* (輝正(上海)醫藥科技有限公司) (“**Shanghai Huizheng**”) entered into the market promotion service agreement (the “**Original Agreement**”) for Doxorubicin Hydrochloride Liposome Injection (LIBOd[®]), to provide the exclusive marketing and academic promotion services for LIBOd[®] of the Company with a valid for ten years. For more details, please refer the announcement of the Company dated 29 October 2018.

Shanghai Huizheng is a limited liability company incorporated in the PRC, a wholly-owned subsidiary of Hanhui Pharmaceuticals Co., Ltd. (“Hanhui Pharma”), a wholly-owned subsidiary of Zhejiang Hisun Pharmaceutical Co., Ltd. (a company listed on the Shanghai Stock Exchange). As disclosed in 2023 annual report of the Company, the sales revenue contributed by LIBOd[®] did not meet the expectation for 2023, leading to a decrease in the Company’s annual operating income compared to that of last year. Pursuant to the relevant terms of the Original Agreement, on 27 December 2023, the Company issued a formal letter to Shanghai Huizheng with a view to terminating the Original Agreement with effect from 31 December 2023.

After negotiations between the parties, the Company and Shanghai Huizheng entered into a termination agreement for the Market Promotion Service Agreement and its supplementary agreements (the “**Termination Agreement**”) on 20 June 2024. The main terms of the Termination Agreement including: i) The Original Agreement was terminated with effect from 31 December 2023, Shanghai Huizheng ceased to own the marketing rights of LIBOd[®] in mainland China and ceased to continue to fulfill the terms of the Original Agreement and its supplemental agreements; ii) The parties confirmed that the net amount of promotional service fee for the promotion work carried out by Shanghai Huizheng during the period from June to December 2023 amounted to RMB152,044,256.09; iii) The Company agreed to return, without interest, the aggregate amount of RMB48,799,036.35, the service deposit and shipment deposit paid by Shanghai Huizheng at the time of signing the Original Agreement upon the return of the deposit receipts by Shanghai Huizheng; iv) Shanghai Huizheng agreed to pay the Company a compensation amounting RMB51 million (the “**Compensation**”), which will be used (including but not limited to) to compensate the Company for the risk of bad debts in receivables and other risks due to the market handover. Meanwhile, the expenses borne by Shanghai Huizheng for the performance of the promotional work under the Original Agreement and its supplemental agreements (including but not limited to the payment of promotional service fees to subcontractors, payment of conference fees to conference service companies, exhibition participation fees, housing and catering fees, etc.) are not included in the aforementioned Compensation, and the Company shall have no obligation to reimburse the said expenses; v) Shanghai Huizheng agreed to pay the Company RMB75 million as liquidated damages for not fulfilling the 2023 promotion target pursuant to the relevant terms of the Original Agreement (the “**Liquidated Damages**”); vi) After offsetting the payment obligations of both parties as the provisions of clauses ii to v abovementioned, the relevant fund collection and payment were settled on a net basis, and the Company will pay a total of RMB74,843,292.44 to Shanghai Huizheng; vii) Both parties agreed that Shanghai Huizheng, Hanhui Pharma and subsidiaries of Hanhui Pharma shall not produce, sell, distribute or market any doxorubicin liposome products at any time before 31 December 2026, and in the event of any breach of this term under the Termination Agreement, Shanghai Huizheng shall pay the Company RMB15 million as damages accordingly.

The transition between the Company and Shanghai Huizheng had negative impact on the sales of LIBOd[®]. Pursuant to the relevant settlement terms of the Termination Agreement, the promotion service fee has been fully accrued in the Company's financial statements of year 2023; the Compensation and the Liquidated Damages will be recognised in the income statement for 2024. The specific accounting treatment and impact will be subject to the results of the annual audit for the year ending 31 December 2024 by the auditors.

As of the date of this announcement, both parties have completed the handover work. In order to ensure the orderly hand over marketing exercise, the Company has timely adjusted the sales strategy of LIBOd[®] by screening and identifying professional contract sales organisations (“CSO”) companies for oncology products to provide marketing and academic promotion services in each province and municipality based on the terminal sales price and market coverage there. The Company will take advantage of various tendering and pooling opportunities to leverage CSO's core promotional capabilities in each provinces and adopt a refined and flat investment promotion and agency model to carry out academic promotion of its products in accordance with local conditions.

Prospective investors and shareholders of the Company are advised to pay attention to the potential investment risks.

By order of the Board
Zhao Da Jun
Chairman

As at the date on the publication of this announcement, the Board comprises:

Mr. Zhao Da Jun (Executive Director)
Ms. Xue Yan (Executive Director)
Mr. Shen Bo (Non-executive Director)
Ms. Yu Xiao Yang (Non-executive Director)
Mr. Wang Hong Guang (Independent Non-executive Director)
Mr. Lam Siu Wing (Independent Non-executive Director)
Mr. Xu Pei Long (Independent Non-executive Director)

Shanghai, the PRC

20 June 2024

** For identification purpose only*