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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)

CONTINUING CONNECTED TRANSACTIONS
SALES AND DISTRIBUTION AGREEMENT WITH
SHANGHAI PHARMACEUTICALS

THE SALES AND DISTRIBUTION AGREEMENT

The Board announced that, on 29 October 2026 (after trading hours), the Company entered into the Sales and Distribution Agreement with Shanghai Pharmaceuticals to renew the Former Sales and Distribution Agreement. For more details of the Former Sales and Distribution Agreement, please refer to the announcements of the Company dated 30 March 2023 and the circular of the Company dated 12 May 2023. Pursuant to the Sales and Distribution Agreement, the Group's pharmaceutical products will be sold and distributed by Shanghai Pharmaceuticals Group during the Contractual Period.

IMPLICATIONS UNDER THE LISTING RULES

Shanghai Pharmaceuticals is a promoter of the Company and a substantial Shareholder, and therefore is a connected person of the Company under the Listing Rules. The Transactions under the Sales and Distribution Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and therefore, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the percentage ratios in respect of the proposed Annual Cap for the three years ending 31 December 2029 for the Transactions under the Sales and Distribution Agreement are expected to exceed 5%, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Shanghai Pharmaceuticals and its associates, holding 20.27% of the total issued share capital of the Company as at the date of this announcement, are required to abstain from voting on the resolution at the EGM for approving the Sales and Distribution Agreement and the proposed Annual Cap. Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the Transactions and therefore will be required to abstain from voting on the relevant resolution at the EGM.

The Board has appointed the Independent Board Committee, comprising three independent non-executive Directors, to advise the Independent Shareholders in relation to the Sales and Distribution Agreement and the proposed Annual Cap. The Independent Financial Adviser, Aurelius Corporate Finance Limited, has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular for the EGM containing, among other things, (i) details of the Sales and Distribution Agreement, the Transactions contemplated thereunder and the proposed Annual Cap; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on the Sales and Distribution Agreement, the Transactions contemplated thereunder and the proposed Annual Cap; and (iii) a letter from the Independent Board Committee containing its recommendation on the Sales and Distribution Agreement, the Transactions contemplated thereunder and the proposed Annual Cap, is expected to be despatched to the Shareholders on or before 25 November 2026, since the Company needs more time to prepare and finalise certain information to be contained in the circular.

BACKGROUND

The Board announced that, on 29 October 2026 (after trading hours), the Company entered into the Sales and Distribution Agreement with Shanghai Pharmaceuticals to renew the Former Sales and Distribution Agreement. For more details of the Former Sales and Distribution Agreement, please refer to the announcement of the Company dated 30 March 2023 and the circular of the Company dated 12 May 2023. Pursuant to the Sales and Distribution Agreement, the Group's pharmaceutical products will be sold and distributed by Shanghai Pharmaceuticals Group during the Contractual Period.

The principal terms of the Sales and Distribution Agreement are substantially the same as the Former Sales and Distribution Agreement.

PRINCIPAL TERMS OF THE SALES AND DISTRIBUTION AGREEMENT

Date: 29 October 2026

Parties: The Company (for itself and/or on behalf of its subsidiaries), being the vendor; and Shanghai Pharmaceuticals (for itself and/or its subsidiaries and/or associates), being the purchaser

Subject: The Company has agreed to authorise Shanghai Pharmaceuticals Group to sell and distribute the pharmaceutical products of the Group during the Contractual Period. The sales and distribution services to be provided to the Group by Shanghai Pharmaceuticals Group are on a non-exclusive basis with the terms of sales and distribution of each specific pharmaceutical product to be agreed upon in accordance with the principles set out in the Sales and Distribution Agreement.

The pharmaceutical products to be distributed by Shanghai Pharmaceuticals Group are ALA and LIBOd® under the Sales and Distribution Agreement. As at the date of this announcement, there are no other pharmaceutical products of the Group distributed by Shanghai Pharmaceuticals Group except for ALA or LIBOd®. However, if there are any other new products of the Group which the Group may engage Shanghai Pharmaceuticals Group to distribute, such new products may also be covered under the Sales and Distribution Agreement.

Pricing policy: The price of the pharmaceutical products to be sold by the Group to Shanghai Pharmaceuticals Group shall be determined on a fair market basis with reference to the ultimate selling price of a particular pharmaceutical product to be sold to the ultimate customers as prescribed by the local statutory pricing authorities, which will be set downward from the prescribed price by leaving a reasonable mark-up of 5% - 10% to Shanghai Pharmaceuticals Group for provision of sales and distribution services. The pricing policy applicable to Shanghai Pharmaceuticals Group is the same as and no less favorable to the Group than that offered by the Group to the Independent Third Parties for comparable sales and distribution services.

The abovementioned reasonable mark-up of approximately 5% - 10% of Shanghai Pharmaceuticals Group is determined with reference to (i) the mark-up of a comparable quantity of the similar products sold to at least two Independent Third Parties by the Group under similar logistics arrangement in the financial year when conducting the specific transactions under the Sales and Distribution Agreement; and (ii) the mark-up of a comparable quantity of the similar products sold to Shanghai Pharmaceuticals Group under similar logistics arrangement by the Group in past transactions. The mark-up of approximately 5% - 10% represents the reasonable cost and the profit of Shanghai Pharmaceuticals Group in providing the sales and distribution services for the Group.

Such mark-up of Shanghai Pharmaceuticals Group will be within a range from 5% to 10% of the price of the particular pharmaceutical product as prescribed by the local statutory pricing authorities. For Independent Third Party providing comparable sales and distribution services for the Group, the Group also offered a mark-up within the range of 5% to 10% of the price of the particular pharmaceutical product as prescribed by the local statutory pricing authorities as the cost and profit of the Independent Third Party. As such, the price of pharmaceutical products to be sold by the Group to Shanghai Pharmaceuticals Group is not lower than the prices offered by the Group to an Independent Third Party. For the past transactions contemplated under the Former Sales and Distribution Agreement for the years ended 31 December 2024 and 2025, the mark-up of Shanghai Pharmaceuticals Group provided by the Group was within the range from 5% to 10% of the price of the particular pharmaceutical product as prescribed by the local statutory pricing authorities, which was the same as and not more favourable to the range of mark-up offered by the Group to the Independent Third Parties who provided comparable sales and distribution services. As such, for the past transactions under the Former Sales and Distribution Agreement for the years ended 31 December 2024 and 2025, the selling prices of the pharmaceutical products offered by the Group to Shanghai Pharmaceuticals Group were not lower than those offered by the Group to Independent Third Parties.

Credit period of trade receivables: The policy of the Group in determining the credit period of customers depends on factors such as the geographical area of the place of delivery of the pharmaceutical products, financial standing, business relationship and background of the customers and the quantity ordered by the customers. While the credit period offered by the Group to Shanghai Pharmaceuticals Group and customers who are Independent Third Parties may vary depending on different sales and distribution agreements and purchase orders, such policy is equally applicable to Shanghai Pharmaceuticals Group and customers who are Independent Third Parties. However, under the Sales and Distribution Agreement, the credit period granted by the Group shall not be more than 3 months, while the credit period offered by the Group to customers who are Independent Third Parties is generally up to 4 months. As the maximum credit period granted by the Group under the Sales and Distribution Agreement is not longer than the credit period generally granted by the

Group to its other customers who are Independent Third Parties, the credit period granted to Shanghai Pharmaceuticals Group is on normal commercial terms and no less favourable to the Group than that granted by the Group to other Independent Third Parties.

Contractual Period: From 1 January 2027 to 31 December 2029, subject to the execution and seal by the duly authorised representatives of the Sales and Distribution Agreement and approval by the relevant bodies of the parties, including the meeting of the Board and the EGM.

HISTORICAL TRANSACTION AMOUNTS, PROPOSED ANNUAL CAP AND BASIS FOR DETERMINATION OF THE PROPOSED ANNUAL CAP

Historical transaction amounts

The Annual Cap of the continuing connected transactions under the Former Sales and Distribution Agreement for the three years ending 31 December 2026 and the historical transaction amounts for the continuing connected transactions under the Former Sales and Distribution Agreement for the years ended 31 December 2024 and 2025 and the nine months ended 30 September 2026 are set out below:

	For the year ended 31 December			**For the nine months ended 30 September**
	2024 *(RMB'000)*	**2025** *(RMB'000)*	**2026** *(RMB'000)*	**2026** *(RMB'000)*
Annual Cap	226,000	241,000	260,000	N/A
Actual transaction amount of continuing connected transactions under the Former Sales and Distribution Agreement	87,511	87,127	N/A	55,401

Proposed Annual Cap

With the continuing increase in the market demand of the Group's products and the further expansion of the distribution network of Shanghai Pharmaceuticals Group, the Group is expected to sell and distribute more products through Shanghai Pharmaceuticals Group in a broader area. The Company and Shanghai Pharmaceuticals estimated that the proposed Annual Cap of the Transactions for the three years ending 31 December 2029 are approximately RMB86,000,000 RMB90,000,000 and RMB96,000,000 respectively.

Basis for determination of the proposed Annual Cap

According to the 2026 interim report of Shanghai Pharmaceuticals, its business channels and retail networks cover 25 provincial-level administrative regions in the PRC. As the second largest pharmaceutical commercial enterprise and the largest service provider of imported drugs, vaccines and medical devices in China, Shanghai Pharmaceuticals continuously provides efficient, convenient and reliable services to medical institutions, retailers, partners and patients at all levels. It has established strategic partnerships with major pharmaceutical manufacturers at home and abroad. With its strong supply chain service network to provide integrated pharmaceutical supply chain solutions, Shanghai Pharmaceuticals has become the preferred partner for domestic pharmaceutical distribution and innovative product launch. Leveraging on the extensive network of Shanghai Pharmaceuticals Group, the Group is able to sell its products to a broader area and effectively improves the market penetration and market share of the Group.

The Directors have taken into account the following principal factors in estimating the proposed Annual Cap above:

(i) the historical transaction amounts under the Former Sales and Distribution Agreement;

(ii) the expected growth rate of the sales under the Sales and Distribution Agreement. The expected growth rate of the proposed Annual Cap under the Sales and Distribution Agreement for the years ending 31 December 2028 and 2029 is approximately 4.7% and 6.7% when comparing with that of the Annual Cap of the previous year. The Directors consider the growth rate of the Annual Cap, which reflects the expected sales growth through the Sales and Distribution Agreement, is fair and reasonable;

(iii) the marketing and promotion activities of the Group's pharmaceutical products, which will likely to contribute to the increase in sales volume from 2026 onwards; and

(iv) a buffer of 10% to capture unforeseen market opportunities.

After taking into account the abovementioned factors, the Board considers the proposed Annual Cap is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL PROCEDURES

To ensure the Company's conformity with the pricing policy of the Sales and Distribution Agreement, the Company adopts a series of internal control policies in its daily operation. Such internal control policies are conducted and supervised by the Risk Management and Internal Audit and Control Department of the Company, the independent non-executive Directors and the external auditors of the Company:

(i) The business department of the Company will be responsible for the determination of each specific price in accordance with the pricing policies under the Sales and Distribution Agreement (including taking into account the selling price of a comparable quantity of the similar products sold to at least two Independent Third Parties by the Group in the financial year when conducting the specific transactions under the Sales and Distribution Agreement), and will submit the prepared specific price quote to the management of the Company for review and approval in due course. After the approval, the sales department, the finance department and the risk management and internal audit and control department of the Company will monitor the implementation of the relevant price throughout the transaction on a joint basis, and will review the fairness and reasonableness of the price under the Sales and Distribution Agreement on an average quarterly basis and will assist the person in charge of sales to adjust the price (if necessary);

(ii) The finance department of the Company will monitor the aggregated transaction amount and remind the sales department of remaining available Annual Cap on a monthly basis to ensure that the Annual Cap will not be exceeded. If the finance department discovers any possible Transactions are expected to reach 80% of the Annual Cap, it will report to the Board Secretary's office to carry out assessments for the necessity of adjusting the Annual Cap based on the business needs by convening an extraordinary general meeting;

(iii) The Risk Management and Internal Audit and Control Department of the Company monitors daily the connected transactions of the Company and reports to the audit committee of the Company and independent non-executive Directors together with the external auditors' report for their review and approval. The audit committee of the Company supervises the connected transactions to ensure the Transactions are entered into: (1) in accordance with the pricing policy under the Sales and Distribution

Agreement; (2) in the ordinary and usual course of business of the Group; (3) on normal commercial terms or better; and (4) according to the Sales and Distribution Agreement on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole;

(iv) The independent non-executive Directors have reviewed and will continue to review the continuing connected transactions to confirm in the annual report whether the transactions have been entered into on normal commercial terms or better, and according to the Sales and Distribution Agreement on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and

(v) The external auditors of the Company will also conduct an annual review on the pricing policy and Annual Cap implementation for transactions of the Sales and Distribution Agreement, and issue an independent auditor's assurance report on continuing connected transactions for confirming matters required under Rule 14A.56 of the Listing Rules.

The Directors are of the view that the above internal control procedures can ensure that the transactions contemplated under the Sales and Distribution Agreement will be conducted on normal commercial terms or better, and will not be prejudicial to the interests of the Company and the Shareholders.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Company conducts the Transactions with Shanghai Pharmaceuticals Group in order to leverage on the established and extensive sales and distribution network of Shanghai Pharmaceuticals Group. The Directors (excluding the independent non-executive Directors, whose opinion will be set forth in the circular by reference to the advice of the Independent Financial Adviser) are of the view that the terms of the Sales and Distribution Agreement are made on an arm's length basis in the ordinary and usual course of business of the Company and are normal commercial terms which are no less favourable than the terms available from Independent Third Parties, and that the terms of the Sales and Distribution Agreement and the proposed Annual Caps thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As long as the Transactions contemplated under the Sales and Distribution Agreement are conducted on a fair and reasonable basis to the Group, the Directors (excluding the independent non-executive Directors, whose opinion will be set forth in the circular by reference to the advice of the Independent Financial Adviser) consider there are no material disadvantages of the Transactions to the Group.

LISTING RULES IMPLICATIONS

Shanghai Pharmaceuticals is a promoter of the Company and a substantial Shareholder, which, as at the date of this announcement, held 210,142,560 shares (comprising 70,564,000 H shares and 139,578,560 A shares) in the Company, representing 20.27% of the total issued share capital of the Company and therefore is a connected person of the Company under the Listing Rules. The Transactions under the Sales and Distribution Agreement will be carried out on a continuing or recurring basis in the ordinary and usual course of business of the Company and therefore, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since one or more of the applicable percentage ratios in respect of the proposed Annual Cap for the three years ending 31 December 2029 for the Transactions under the Sales and Distribution Agreement are expected to exceed 5%, the Transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shanghai Pharmaceuticals and its associates, holding 20.27% of the total issued share capital of the Company as at the date of this announcement, are required to abstain from voting on the resolution at the EGM for approving the Sales and Distribution Agreement and the proposed Annual Cap. Save for Shanghai Pharmaceuticals, to the best information and belief of the Directors, as at the date of this announcement, there are no other associates of Shanghai Pharmaceuticals which hold shares in the Company. Save as mentioned above, to the best of the Directors' knowledge, information and belief, none of the other Shareholders has any material interest in the Transactions and therefore will be required to abstain from voting on the relevant resolution at the EGM.

Mr. Zhong Tao, the non-executive Director, has abstained from voting on the Board resolution approving the Sales and Distribution Agreement since he serves as a vice president and joint company secretary at Shanghai Pharmaceuticals. Save as mentioned above, no other Director has a material interest in the Transactions and hence no other Director has abstained from voting on such Board resolution.

FORMATION OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board has appointed the Independent Board Committee, comprising three independent non-executive Directors, to advise the Independent Shareholders in relation to the Sales and Distribution Agreement and the proposed Annual Cap. The Independent Financial Adviser, Aurelius Corporate Finance Limited, has also been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

CIRCULAR

A circular for the EGM containing, among other things, (i) details of the Sales and Distribution Agreement, the Transactions contemplated thereunder and the proposed Annual Cap; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee on the Sales and Distribution Agreement, the Transactions contemplated thereunder and the proposed Annual Cap; and (iii) a letter from the Independent Board Committee containing its recommendation on the Sales and Distribution Agreement, the Transactions contemplated thereunder and the proposed Annual Cap, is expected to be despatched to the Shareholders on or before 25 November 2026, since the Company needs more time to prepare and finalise certain information to be contained in the circular.

GENERAL INFORMATION

The Company is a bio-pharmaceutical company that is principally engaged in the innovative research and development, production and manufacture and sales of bio drugs.

Shanghai Pharmaceuticals headquartered in Shanghai, is a national integrated pharmaceutical company in the PRC that has leading positions in both pharmaceutical production and distribution markets. Its business mainly covers two segments, namely, pharmaceutical industry and pharmaceutical business. The A shares and H shares of Shanghai Pharmaceuticals are listed on the Shanghai Stock Exchange and Hong Kong Stock Exchange, respectively. The controlling shareholders of Shanghai Pharmaceuticals include Shanghai Shangshi (Group) Co., Ltd., Shanghai Industrial Investment (Holdings) Company Limited and Shanghai Pharmaceutical (Group) Co., Ltd.

DEFINITIONS

Unless the context otherwise requires, capitalized terms used in this announcement shall have the following meanings:

"A Share(s)"	the ordinary share(s) with a nominal value of RMB0.1 each in the share capital of the Company which are listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange, and are subscribed for and traded in RMB
"Annual Cap"	the maximum aggregate annual amount for the sale and distribution of the Group's pharmaceutical products during the Contractual Period under the Sales and Distribution Agreement
"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	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 PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 01349) and the A Shares of which are listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (stock code: 688505)
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Contractual Period"	the period from 1 January 2027 to 31 December 2029 (both dates inclusive)
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be held at No. 308 Cailun Road, Zhangjiang Hi-tech Park, Pudong New Area, Shanghai, the PRC at 2:00 p.m., on Tuesday, 15 December 2026, to consider and, if thought fit, to approve, among other things, the continuing connected transactions contemplated under the Sales and Distribution Agreement and the proposed Annual Cap
"Former Sales and Distribution Agreement"	the sales and distribution agreement entered into between the Company and Shanghai Pharmaceuticals on 30 March 2023 for the continuing connected transactions contemplated thereunder for the three years ending 31 December 2026, details of which were set out in the announcement of the Company dated 30 March 2023 and the circular of the Company dated 12 May 2023
"Group"	the Company and/or its subsidiaries
"H Share(s)"	overseas listed foreign share(s) with a nominal value of RMB0.10 each in the share capital of the Company which are listed on the Stock Exchange and are subscribed for and traded in Hong Kong dollars
"Independent Board Committee"	an independent committee of the Board comprising all independent non-executive Directors, namely Mr. Wang Hong Guang, Mr. Lam Siu Wing and Mr. Xu Pei Long, established to advise the Independent Shareholders in respect of the Sales and Distribution Agreement and the proposed Annual Cap

"Independent Financial Adviser"	Aurelius Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Sales and Distribution Agreement and the proposed Annual Cap
"Independent Shareholders"	the Shareholders excluding Shanghai Pharmaceuticals and its associates, who are not required to abstain from voting on the resolution at the EGM for approving the continuing connected transactions contemplated under the Sales and Distribution Agreement and the proposed Annual Cap
"Independent Third Party(ies)"	third party(ies) who is (are) not connected persons of the Company as defined in the Listing Rules and is (are) independent of the Company and the connected persons of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the Main Board of the Stock Exchange
"PRC"	the People's Republic of China
"promoter"	has the same meaning ascribed to it under the Listing Rules
"RMB"	Renminbi, the lawful currency of the PRC
"Sales and Distribution Agreement"	the sales and distribution agreement entered into between the Company and Shanghai Pharmaceuticals on 29 October 2026 for the sale and distribution of the Group's pharmaceutical products during the Contractual Period
"Shanghai Pharmaceuticals"	上海醫藥集團股份有限公司 (Shanghai Pharmaceuticals Holding Co., Ltd.*), a joint stock limited company incorporated in the PRC whose A shares are listed on the Shanghai Stock Exchange and H shares are listed on the Stock Exchange, and a promoter of the Company and a substantial Shareholder holding 20.27% of the total share capital of the Company as at the date of this announcement
"Shanghai Pharmaceuticals Group"	Shanghai Pharmaceuticals and/or its subsidiaries and/or associates
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the same meaning ascribed to it under the Listing Rules
"substantial Shareholder"	has the same meaning ascribed to it under the Listing Rules
"Transactions"	the continuing connected transactions contemplated under the Sales and Distribution Agreement

"%"	per cent

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. Zhong Tao (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)
Ms. Qu Ya Nan (Employee Director)

Shanghai, the PRC

29 October 2026

** For identification purpose only*