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Shanghai Henlius Biotech, Inc.

上海復宏漢霖生物技術股份有限公司

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

(Stock code: 2696)

CONTINUING CONNECTED TRANSACTIONS REVISION OF ANNUAL CAPS FOR THE FRAMEWORK PROPERTY LEASING AGREEMENT

Reference is made to the announcement (the “**Announcement**”) issued by Shanghai Henlius Biotech, Inc. on 31 December 2019 in relation to the continuing connected transactions for the leasing of premises from Clone High Tech under the Framework Property Leasing Agreement. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those used in the Announcement.

As disclosed in the Announcement, the Company has set the annual caps for the leasing of premises from Clone High Tech under the Framework Property Leasing Agreement for the two years ending 31 December 2021 and 2022 as RMB15.6 million and RMB17.5 million, respectively.

In view of the renewal of certain underlying leases and the increase of rental level in Shanghai, China, the Company estimates the annual cap in respect of the total value of the right-of-use assets relating to the leases entered into by the Group with Fosun Pharma and/or its associates in respect of the two years ending 31 December 2021 and 2022 will not be sufficient. Accordingly, on 30 June 2021, the Board resolved to revise the relevant annual caps for the two years ending 31 December 2021 and 2022 to RMB83.0 million and RMB54.0 million, respectively. The terms of the Framework Property Leasing Agreement remained unchanged and the major terms of which were set out in the Announcement.

The total value of the right-of-use assets relating to the leases entered into by the Group with Fosun Pharma and/or its associates in relation to the leasing of property for the financial year ended 31 December 2020 amounted to RMB41.996 million. The revised annual cap has been determined with reference to, among other things, (i) the pricing basis as set out in the Framework Property Leasing Agreement, (ii) the historical transactions amounts, (iii) the terms of the existing lease agreements, including their respective expiration dates, (iv) the demand for the property leasing service in line with the Company's business development; and (v) the increase in rental level in the areas where the Group operates, including Shanghai, China.

LISTING RULES IMPLICATION

As at the date of this announcement, Clone High Tech is a wholly-owned subsidiary of Fosun Pharma, the controlling shareholder of the Company. Therefore, Clone High Tech is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, under Chapter 14A of the Listing Rules, the entering into of the Framework Property Leasing Agreement constitutes continuing connected transaction of the Company. As the highest applicable percentage ratio in respect of the revised annual caps for the leases under the Framework Property Leasing Agreement in respect of the two years ending 31 December 2021 and 2022 exceeds 0.1% but is less than 5%, the leases under the Framework Property Leasing Agreement are exempt from the circular and independent shareholders' approval requirements, but are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Framework Property Leasing Agreement (including the revised annual caps) are fair and reasonable, the transactions in relation to leasing of premises from Clone High Tech under the Framework Property Leasing Agreement are in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Each of Mr. Qiyu Chen, Mr. Yifang Wu, Ms. Xiaohui Guan, Dr. Aimin Hui and Mr. Zihou Yan holds various positions with Fosun Pharma and/or its subsidiaries, and each of them has abstained from voting on the Board resolution approving the revised annual caps under the Framework Property Leasing Agreement. Save for the above, to the best knowledge, information and belief of the Directors, no other Director has a material interest in the Framework Property Leasing Agreement and no other Director has abstained from voting on the relevant Board resolution approving revised annual caps under the Framework Property Leasing Agreement and the transactions contemplated thereunder.

INFORMATION OF THE PARTIES

The Company is a leading biopharmaceutical company in the PRC with the vision to offer high-quality, affordable and innovative drugs for patients worldwide. The H shares of the Company have been listed on the Main Board of the Stock Exchange since September 2019.

Clone High Tech is a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of Fosun Pharma, the controlling shareholder of the Company. Clone High Tech is principally engaged in technology development, technology consultancy, technical service and technology transfer in the biotech area, sales of biotech instrument and equipment, daily necessities and office supplies, import and export business of goods and technology, property leasing, property management and parking services.

On behalf of the Board
Shanghai Henlius Biotech, Inc.
Qiyu CHEN
Chairman

Hong Kong, 30 June 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. Wenjie Zhang as the executive director, Mr. Qiyu Chen as the chairman and non-executive director, Mr. Yifang Wu, Ms. Xiaohui Guan, Dr. Aimin Hui and Mr. Zihou Yan as the non-executive directors, and Mr. Tak Young So, Dr. Lik Yuen Chan, Dr. Guoping Zhao and Dr. Ruilin Song as the independent non-executive directors.