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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)

REVISION OF ANNUAL CAPS FOR THE PROMOTIONAL SERVICES AGREEMENT

A. BACKGROUND

Shanghai Henlius Biotech, Inc. (the “**Company**”) refers to the announcement issued by the Company on 31 December 2020 (the “**Announcement**”) in relation to continuing connected transactions of the Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, pursuant to the Promotional Services Agreement entered into on 24 August 2020 and as supplemented on 31 December 2020 between Henlius Biopharmaceuticals, a wholly-owned subsidiary of the Company, and Jiangsu Fosun, Henlius Biopharmaceuticals agreed to authorise Jiangsu Fosun as the Group’s sole business cooperation partner to carry out promotional activities in the Designated Areas to the customers in respect of the Group’s HLX02 trastuzumab injection (trade name in mainland China: 漢曲優®; EU trade name: Zercepac®) (“漢曲優®”) from 24 August 2020 to 30 June 2022.

The Company has set the annual caps to be paid by the Group to Jiangsu Fosun under the Promotional Services Agreement (as supplemented) for the year ending 31 December 2021 and the six months ending 30 June 2022 as RMB6,480 thousand and RMB4,800 thousand, respectively.

The promotional service fee is calculated by multiplying the actual sales of 漢曲優® promoted by Jiangsu Fosun by applicable fee rates. The fee rates vary along with the percentages of the actual sales of 漢曲優® promoted by Jiangsu Fosun in the total sales of 漢曲優® of the Group. The table below sets out the sales percentages and the corresponding fee rates, which is determined based on, among other things, the market standards and the mutual negotiations between the Company and Jiangsu Fosun.

Percentages of the actual sales of 漢曲優® promoted by Jiangsu Fosun in the total sales of 漢曲優®	Fee rates
Below 1% (including 1%)	23%
1% – 2% (including 2%)	24%
2% – 3% (including 3%)	25%
3% – 4% (including 4%)	26%
4% – 5% (including 5%)	28%
Above 5%	30%

Henlius Biopharmaceuticals and Jiangsu Fosun have agreed that for the year ending 31 December 2021 and the six months ending 30 June 2022, the fee rates applicable to any actual sales promoted by Jiangsu Fosun in the total sales of 漢曲優[®] that fall within the range of 1% to 2% will also be 23%.

B. REVISION OF ANNUAL CAPS

Considering the Group's actual business needs, the Company estimates the existing annual caps in relation to the provision of promotional services in respect of the year ending 31 December 2021 and the six months ending 30 June 2022 will not be sufficient. Accordingly, on 30 November 2021, the Board resolved to revise the relevant annual caps for the year ending 31 December 2021 and the six months ending 30 June 2022 to RMB10 million and RMB10 million, respectively.

For the year ended 31 December 2020 and the nine months ended 30 September 2021, the amount of fees paid by the Group to Jiangsu Fosun for the promotional services were RMB56 thousand and RMB5,945 thousand, respectively.

The revised annual cap has been determined with reference to, among other things, (i) the historical transaction amounts and (ii) the rapid admission progress and the estimated growing market demand of 漢曲優[®] in Designated Areas.

The terms of the Promotional Services Agreement (as supplemented) remained unchanged.

As set out in the Announcement, Henlius Biopharmaceuticals engaged Jiangsu Fosun to provide the relevant services considering Jiangsu Fosun's experience and competitive advantage in the promotion of 漢曲優[®] in relevant areas. The Company believes that the revised annual caps are in line with the Company's actual business needs and considering Jiangsu Fosun's experience in the promotion of 漢曲優[®] in the Designated Areas, it is in the interest of the Group to maintain a stable relationship with Jiangsu Fosun and revise the annual caps to reflect the changes in the market.

C. LISTING RULES IMPLICATIONS

As at the date of this announcement, Jiangsu Fosun is a wholly-owned subsidiary of Fosun Pharma (a controlling shareholder of the Company), therefore, Jiangsu Fosun is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions under the Promotional Services Agreement (as supplemented) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of maximum annual cap (as revised) exceeds 0.1% but less than 5%, the transactions under the Promotional Services Agreement (as supplemented) are subject to reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

D. DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the Promotional Services Agreement (as supplemented) (including the revised annual caps) are fair and reasonable, and that the transactions contemplated thereunder 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.

As at the date of this announcement, as 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, each of them has abstained from voting on the Board resolution approving the revised annual caps under the Promotional Services Agreement (as supplemented).

Save for the above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has a material interest in the Promotion Services Agreement (as supplemented), and no other Director has abstained from voting on the relevant Board resolution approving the revised annual caps thereunder.

E. INFORMATION OF THE PARTIES

Jiangsu Fosun

Jiangsu Fosun is a company incorporated in the PRC and a wholly owned subsidiary of Fosun Pharma. Fosun Pharma is a joint stock company established in the PRC, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 02196) and the Shanghai Stock Exchange (stock code: 600196), respectively. Jiangsu Fosun is principally engaged in the wholesale business of Chinese traditional medicines, medical materials, antibiotics, biochemical drugs and biological products; the sales of hygienic materials, daily necessities, glass products, prepacked and bulk food and healthy food; the sales of medical equipment; and the import and export of various commodities and techniques, etc.

The Company

Henlius Biopharmaceuticals is a wholly-owned subsidiary of the Company incorporated in the PRC. 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.

On Behalf of the Board
Shanghai Henlius Biotech, Inc.
Wenjie Zhang
Chairman

Hong Kong, 30 November 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. Wenjie Zhang as the chairman and executive director, Mr. Qiyu Chen, 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.