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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)

CONNECTED TRANSACTIONS XINGHAO PENGBO TECHNICAL SERVICES AGREEMENT

XINGHAO PENGBO TECHNICAL SERVICES AGREEMENT

The Company refers to the announcement issued by the Company on 16 March 2022 in relation to the Fosun Pharma Industrial Technical Services Agreement (the “**Announcement**”). As disclosed in the Announcement, pursuant to the Fosun Pharma Industrial Technical Services Agreement, the Company agreed to provide CMC and preclinical toxicological research services to Fosun Pharma Industrial in relation to an antibody drug FS2101 being developed by Fosun Pharma Industrial.

Fosun Pharma Industrial is in the process of licensing the antibody drug FS2101 to Xinghao Pengbo, a wholly-owned subsidiary of Fosun Pharma. In anticipation of such license and to ensure seamless services to be provided in respect of FS2101, on 28 March 2022, the Company entered into the Xinghao Pengbo Technical Services Agreement with Xinghao Pengbo, pursuant to which the Company agreed to provide additional CMC and preclinical bioanalysis technical services to Xinghao Pengbo in relation to FS2101.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xinghao Pengbo is a subsidiary of Fosun Pharma (a controlling shareholder of the Company), therefore Xinghao Pengbo is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions under the Xinghao Pengbo Technical Services Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the Fosun Pharma Industrial Technical Services Agreement and the Xinghao Pengbo Technical Services Agreement were entered into with parties connected with one another within a 12-month period, the transactions under the Fosun Pharma Industrial Technical Services Agreement and the Xinghao Pengbo Technical Services Agreement are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the consideration under the Xinghao Pengbo Technical Services Agreement, after aggregation with the consideration under the Fosun Pharma Industrial Technical Services Agreement, is more than 0.1% but less than 5%, the transactions under the Xinghao Pengbo Technical Services Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

A. INTRODUCTION

The Company refers to the Announcement in relation to the Fosun Pharma Industrial Technical Services Agreement. As disclosed in the Announcement, pursuant to the Fosun Pharma Industrial Technical Services Agreement, the Company agreed to provide CMC and preclinical toxicological research services to Fosun Pharma Industrial in relation to an antibody drug FS2101 being developed by Fosun Pharma Industrial.

Fosun Pharma Industrial is in the process of licensing the antibody drug FS2101 to Xinghao Pengbo, a wholly-owned subsidiary of Fosun Pharma. In anticipation of such license and to ensure seamless services to be provided in respect of FS2101, on 28 March 2022, the Company entered into the Xinghao Pengbo Technical Services Agreement with Xinghao Pengbo, pursuant to which the Company agreed to provide additional CMC and preclinical bioanalysis technical services to Xinghao Pengbo in relation to FS2101.

FS2101 uses a cocktail of therapies with neutralizing activity covering the major neo-coronavirus variants identified so far, for post-exposure prophylaxis or treatment of novel coronavirus pneumonia (COVID-19).

B. XIAOHAO PENGBO TECHNICAL SERVICES AGREEMENT

The principal terms of Xinghao Pengbo Technical Services Agreement are summarised as follows:

(a) Subject Matter

Pursuant to Xinghao Pengbo Technical Services Agreement, in relation to the anti-body drug FS2101, the Company agreed to provide additional CMC and preclinical bioanalysis technical services including cell line development, process development, non-GMP manufacturing, cGMP manufacturing and preclinical bioanalysis, etc., to Xinghao Pengbo with a view to support Xinghao Pengbo to complete IND submission and initiation of clinical trial.

The Xinghao Pengbo Technical Services Agreement is effective from the date of execution and will expire in three years.

(b) Consideration

Xinghao Pengbo shall pay the Company RMB35,268,000 for the services provided under the Xinghao Pengbo Technical Services Agreement.

The consideration was determined after arm's length negotiations between the parties with reference to, among other things, the prevailing market rate for the types of services of similar nature and the Company's cost.

(c) Payment Terms

The consideration under the Xinghao Pengbo Technical Services Agreement will be paid by Xinghao Pengbo in three tranches:

- (i) 40% of the total consideration, being RMB14,107,200 will be paid within 30 days of after Xinghao Pengbo receives the invoice upon the execution of the Xinghao Pengbo Technical Services Agreement;
- (ii) 50% of the total consideration, being RMB17,634,000 will be paid within 30 days after Xinghao Pengbo receives the invoice and before the commencement of the production of 200L cGMP drug substance and drug products; and
- (iii) 10% of the total consideration, being RMB3,526,800 will be paid within 30 days after Xinghao Pengbo receives the invoice upon the receipt of invoice and after completing the drug substance and drug product release testing and confirmation by Xinghao Pengbo.

(d) Termination

Xinghao Pengbo is entitled to terminate the Xinghao Pengbo Technical Services Agreement with respect to part or all items under the Xinhao Pengbo Technical Services Agreement due to project changes or internal decisions with prior notice to the Company in writing. Depending on the stages of the specific services of relevant project and other actual conditions, the Company is entitled to charge Xinghao Pengbo corresponding manufacturing service fees.

C. REASONS FOR, AND BENEFITS OF, XINGHAO PENGBO TECHNICAL SERVICES AGREEMENT

Given that the Company can provide CMC technical services from process development to cGMP manufacturing, analytical testing services, preclinical toxicological research and preclinical bioanalysis services, and entering into the Xinghao Pengbo Technical Services Agreement will create commercial interests for the Group, the Directors consider that it is in the interests of the Company to enter into the Xinghao Pengbo Technical Services Agreement.

D. LISTING RULES IMPLICATIONS

As at the date of this announcement, Xinghao Pengbo is a subsidiary of Fosun Pharma (a controlling shareholder of the Company), therefore Xinghao Pengbo is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions under the Xinghao Pengbo Technical Services Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules. As the Fosun Pharma Industrial Technical Services Agreement and the Xinghao Pengbo Technical Services Agreement were entered into with parties connected with one another within a 12-month period, the transactions under the Fosun Pharma Industrial Technical Services Agreement and the Xinghao Pengbo Technical Services Agreement are required to be aggregated pursuant to Rule 14A.81 of the Listing Rules.

As the highest applicable percentage ratio in respect of the consideration under the Xinghao Pengbo Technical Services Agreement, after aggregation with the consideration under the Fosun Pharma Industrial Technical Services Agreement, is more than 0.1% but less than 5%, the transactions under the Xinghao Pengbo Technical Services Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

E. DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Xinghao Pengbo Technical Services Agreement is fair and reasonable, and that the transactions contemplated under the above-mentioned agreements 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 their respective subsidiaries, each of them has abstained from voting on the Board resolutions approving the Xinghao Pengbo Technical Services Agreement.

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 Xinghao Pengbo Technical Services Agreement, and no other Director has abstained from voting on the relevant Board resolutions approving the Xinghao Pengbo Technical Services Agreement.

F. INFORMATION ABOUT THE PARTIES

(a) Xinghao Pengbo

Xinghao Pengbo is a company incorporated in the PRC and a wholly owned subsidiary of Fosun Pharma. Xinghao Pengbo is principally engaged in medical research and experimental development, technical service, technical development, pharmaceutical industry investment and import and export of goods and technology.

(b) The Company

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.

G. DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors
“cGMP”	Current Good Manufacturing Practice
“CMC”	Chemistry, Manufacturing and Control
“Company”	Shanghai Henlius Biotech, Inc., a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Fosun Pharma”	Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司), a joint stock company established in the PRC, the H shares (Stock Code: 02196) and A shares (Stock Code: 600196) of which are listed and traded on the Main Board of the Stock Exchange and the Shanghai Stock Exchange, respectively
“Fosun Pharma Industrial Technical Services Agreement”	the technical services agreement dated 16 March 2022 entered into between the Company and Fosun Pharma Industrial Development Co., Ltd.* (上海復星醫藥產業發展有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Fosun Pharma
“Group”	The Company and its subsidiaries
“GMP”	Good Manufacturing Practice
“IND”	Investigational New Drug
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and China Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinghao Pengbo”	Zhejiang Xinghao Pengbo Pharmaceutical Co., Ltd.* (浙江星浩澎博醫藥有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Fosun Pharma
“Xinghao Pengbo Technical Services Agreements”	the technical services agreement dated 28 March 2022 entered into between the Company and Xinghao Pengbo
“%”	per cent.

On behalf of the Board
Shanghai Henlius Biotech, Inc.
Wenjie ZHANG
Chairman

Hong Kong, 28 March 2022

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.