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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 FINANCIAL SERVICES AGREEMENT**

### **FINANCIAL SERVICES AGREEMENT**

On 14 February 2023, the Company entered into the Financial Services Agreement with Fosun Finance, pursuant to which Fosun Finance agreed to provide the non-exclusive financial services, including the depository services, the comprehensive credit services, the settlement services and other financial services (the “**Services**”), to the Group within its business scope as approved by the CBIRC.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Fosun Finance is a subsidiary of Fosun High Tech, which is the controlling shareholder of the Company, therefore Fosun Finance is a connected person of the Company by virtue of being an associate of the Company’s controlling shareholder. Accordingly, the Services to be provided by Fosun Finance to the Group pursuant to the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the depository services under the Financial Services Agreement is more than 0.1% but less than 5%, the depository services to be provided by Fosun Finance to the Group under the Financial Services Agreement constitute continuing connected transaction of the Company which is subject to the reporting and announcement requirements but are exempt from the independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

As the comprehensive credit services to be provided by Fosun Finance to the Group will be on normal commercial terms where no security over the assets of the Group will be granted in favour of Fosun Finance with respect to such comprehensive credit services under the Financial Services Agreement, the comprehensive credit services to be provided by Fosun Finance to the Group under the Financial Services Agreement are exempt from the reporting, announcement and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As each of the percentage ratios applicable to the settlement services and other financial services under the Financial Services Agreement is less than 0.1%, the transactions in relation to the settlement services and other financial services to be provided by Fosun Finance to the Group under the Financial Services Agreement are exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Other than the depository services, all other continuing connected transactions under the Financial Services Agreement are exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **A. INTRODUCTION**

On 14 February 2023, the Company entered into the Financial Services Agreement with Fosun Finance, pursuant to which Fosun Finance agreed to provide the non-exclusive financial services, including the depository services, the comprehensive credit services, the settlement services and other financial services (the “**Services**”), to the Group within its business scope as approved by the CBIRC.

## **B. FINANCIAL SERVICES AGREEMENT**

The principal terms of the Financial Services Agreement are summarised as follows:

### **(a) Date**

14 February 2023

### **(b) Parties**

(i) The Company; and

(ii) Fosun Finance

### **(c) Term**

The Financial Services Agreement will become effective when the following conditions are achieved: (i) both parties have completed the necessary review procedures and obtained all required approvals, licenses and authorisations for the transaction; and (ii) the Financial Services Agreement is signed by the legal representatives or authorised agents of both parties and affixed with the seal. The term of the Financial Services Agreement will end on 13 February 2026.

### **(d) Subject Matter**

Fosun Finance shall provide, among other things, the depository services to the Group in accordance with the terms of the Financial Services Agreement, including but not limited to the following:

- (i) The Company will open deposit accounts with Fosun Finance, and to choose amongst different types and terms of depository products. In provision of depository services to the Group, Fosun Finance will strictly follow the principle of freedom of deposit and withdrawals in compliance with relevant requirements of the PBOC.
- (ii) The depository services to be provided by Fosun Finance to the Group include demand deposit, time deposit, call deposit, agreed deposit, electronic bill margin deposit, etc.
- (iii) Fosun Finance shall ensure the safety of the Group's deposits, and promptly and fully release the funds as requested by the Group.
- (iv) Fosun Finance shall strictly implement the relevant policies of CBIRC on non-bank institutions, and implement special account management for the Group's deposit to ensure the safety of the Group's funds.

The interest rate for the deposit of the Group with Fosun Finance shall be determined with reference to the benchmark interest rate for RMB deposit as published by the PBOC provided that such rate shall be no less than the average interest rate for the same level of deposit offered by commercial banks in the PRC for the same period and no less than the interest rate for the same level of deposit for the same period provided to other Member Units of Fosun High Tech by Fosun Finance, whichever is higher.

**(e) Capital Risk Control Measures**

- (i) Fosun Finance shall ensure the safe operation of the fund management network, ensure the security of funds, control the risk of assets and liabilities, meet the payment needs of the Group as agreed, and will also operate strictly in accordance with the specification for risk monitoring indicators of financial companies promulgated by the CBIRC. Major regulatory indicators such as capital adequacy ratio and liquidity ratio shall comply with the provisions of the CBIRC and other relevant laws and regulations.
- (ii) Fosun Finance undertakes that in the event of any circumstances that may endanger the safety of the Group's deposits or other events that may bring risks to the security of funds deposited by the Group, it shall fulfill the obligation to inform the Group in a timely manner, and the Group has the right to take effective countermeasures such as withdrawing its deposits.

**C. HISTORICAL TRANSACTION AMOUNT AND PROPOSED ANNUAL CAPS**

There is no historical transaction amount between the Company and Fosun Finance with respect to the Services under the Financial Services Agreement.

The annual caps for the depository services during the term of the Financial Services Agreement are set out below:

	<i>RMB Million</i>			
	<b>Annual cap for the year ending 31 December 2023</b>	<b>Annual cap for the year ending 31 December 2024</b>	<b>Annual cap for the year ending 31 December 2025</b>	<b>Annual cap from 1 January 2026 to 13 February 2026</b>
Maximum daily balance of deposits (including accrued interests) placed by the Group with Fosun Finance	200	200	200	200

The proposed annual caps for the depository services under the Financial Services Agreement are determined with reference to, among other things, (i) the existing scale of the Group's assets, business and revenue; (ii) the deposit demand accompanying the continuous development of the Group's business within the term of the Financial Services Agreement; (iii) the consideration to enrich the deposit channels to diversify and reduce overall deposit risk; and (iv) the pricing policy for the interest rate for the deposit of the Group with Fosun Finance under the Financial Services Agreement.

#### **D. REASONS FOR, AND BENEFITS OF, THE FINANCIAL SERVICES AGREEMENT**

The Board is of the view that the transactions contemplated under the Financial Services Agreement can help the Group enrich the channels for deposit and loan businesses, improve capital utilisation efficiency, reduce financing costs and financing risks, increase deposit returns and reduce overall deposit risks, as well as improve the bargaining power with external financial institutions. Therefore, the Board considers that it is in the interests of the Company and the Shareholders to enter into the Financial Services Agreement.

#### **E. LISTING RULES IMPLICATIONS**

As at the date of this announcement, Fosun Finance is a subsidiary of Fosun High Tech, which is the controlling shareholder of the Company, therefore Fosun Finance is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the Services to be provided by Fosun Finance to the Group pursuant to the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the depository services under the Financial Services Agreement is more than 0.1% but less than 5%, the depository services to be provided by Fosun Finance to the Group under the Financial Services Agreement constitute continuing connected transaction of the Company which is subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the comprehensive credit services to be provided by Fosun Finance to the Group will be on normal commercial terms where no security over the assets of the Group will be granted in favour of Fosun Finance with respect to such comprehensive credit services under the Financial Services Agreement, the comprehensive credit services to be provided by Fosun Finance to the Group under the Financial Services Agreement are exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As each of the percentage ratios applicable to the settlement services and other financial services under the Financial Services Agreement is less than 0.1%, the transactions in relation to the settlement services and other financial services to be provided by Fosun Finance to the Group under the Financial Services Agreement are exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Other than the depository services, all other continuing connected transactions under the Financial Services Agreement are exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **F. INTERNAL CONTROL PROCEDURES**

Pursuant to the requirements of Chapter 14A of the Listing Rules, the Company will disclose in its annual report the review by the Board (including the independent non-executive Directors) of the continuing connected transactions entered into every year (including the continuing connected transactions under the Financial Services Agreement) and confirm that the transactions have been entered into in the ordinary and usual course of business of the Group, in accordance with the relevant agreements governing such transactions on terms (which are normal commercial terms or better to the Company) that are fair and reasonable, and in the interests of the Shareholders as a whole.

Independent auditors will also review the continuing connected transactions entered into (including the continuing connected transactions under the Financial Services Agreement) and issue a letter to the Board every year. The conclusion of such review by the auditors will be disclosed in the annual report.

In addition, as part of the Group's internal control systems to ensure that the continuing connected transactions under the Financial Services Agreement are conducted in accordance with the terms under the Financial Services Agreement (including but not limited to the pricing policy), the Company has implemented the following internal control procedures:

- (a) the Company has formulated a connected transaction management system which sets out the internal control framework and requirements with respect to connected transactions of the Group. All divisions of the Company and subsidiaries of the Company must follow the requirements under the connected transaction management system;
- (b) before conducting the depository services, the financial capital team will obtain quotations from several third-party financial institutions for the same period and the same amount to conduct price comparison in order to ensure that such transactions are entered into in accordance with the pricing policy under the Financial Services Agreement;

- (c) the financial capital team of the Company will conduct regular reviews to verify whether the price of the connected transactions is in compliance with the above pricing principles, including reviewing the transaction record of the Group for similar services;
- (d) the financial capital team of the Company will closely review the use of services under the Financial Services Agreement through ongoing and timely enquiries, with a view to monitoring and ensuring that the balance of current and ongoing deposits placed with Fosun Finance is within the proposed annual caps; and
- (e) if the proposed annual caps need to be adjusted due to business development needs or other reasons, arrangements will be made in advance and the relevant requirements of the Listing Rules will be strictly complied with.

The Directors are of the view that the above methods and procedures can ensure that the pricing and other contract terms for the Group's continuing connected transactions are entered into on normal commercial terms in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders and that the continuing connected transactions are conducted in accordance with the Financial Services Agreement and in compliance with Chapter 14A of the Listing Rules.

## **G. DIRECTORS' CONFIRMATION**

The Directors (including the independent non-executive Directors) are of the view that the terms of the Financial Services Agreement and the relevant proposed annual caps in respect of each of the Services are fair and reasonable, the transactions contemplated under the Financial Services 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.

As at the date of this announcement, as each of Mr. Qiyu Chen, Mr. Yifang Wu, Ms. Xiaohui Guan, Mr. Deyong Wen and Mr. Zihou Yan holds various positions with Fosun High Tech and/or its subsidiaries, each of them has abstained from voting on the Board resolutions approving the Financial Services Agreement and the transactions contemplated thereunder.

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 Financial Services Agreement, and no other Director has abstained from voting on the relevant Board resolutions approving the Financial Services Agreement and the transactions contemplated thereunder.

## **H. INFORMATION ABOUT THE PARTIES**

### **(a) Fosun Finance**

Fosun Finance is principally engaged in provision of financing consulting services, deposit services, settlement services, credit services and other financial services, and is a subsidiary of Fosun High Tech and is ultimately controlled by Mr. Guo Guangchang (郭廣昌先生).

## (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.

## I. DEFINITIONS

“Board”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“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(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Financial Services Agreement”	the financial services agreement dated 14 February 2023 entered into between the Company and Fosun Finance
“Fosun Finance”	Fosun Group Finance Corporation Limited* (上海復星高科技集團財務有限公司), a limited liability company established in the PRC, and a subsidiary of Fosun High Tech
“Fosun High Tech”	Shanghai Fosun High Technology (Group) Company Limited* (上海復星高科技(集團)有限公司), a limited liability company established in the PRC, and a controlling shareholder of the Company
“Group”	The Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended from time to time
“Member Units”	has the meaning ascribed to it under the Administrative Measures on Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》), and includes the parent company and its subsidiary(ies) in which the parent company holds over 51% of the shareholdings; company(ies) in which the parent company and its subsidiaries (either individually or jointly) hold over 20% of the shareholdings, or hold less than 20% of the shareholdings but are the largest shareholder of such company; legal person(s) of public institution(s) or social organisation(s) under the parent company and its subsidiary

“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan regions
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 14 February 2023

*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, Mr. Deyong Wen 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.*

\* *for identification purposes only*