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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 CAP FOR THE CLINICAL TRIAL RESEARCH SERVICES AGREEMENT

A. BACKGROUND

Shanghai Henlius Biotech, Inc. (the “**Company**”) refers to the announcement issued by the Company on 24 November 2022 (the “**Announcement**”) in relation to the 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 Clinical Trial Research Services Agreement entered into on 24 November 2022, the Company agreed to provide clinical trial research services in relation to Azvudine, including clinical study design and management services, to Fosun Pharma Industrial Development and Genuine Biotech.

The Company has set the annual caps to be paid by Fosun Pharma Industrial Development to the Company with respect to provision of the services under the Clinical Trial Research Services Agreement for the period from 24 November 2022 and ending on 31 December 2022 and the period from 1 January 2023 and ending on 23 November 2023 as RMB30,000,000 and RMB30,000,000, respectively.

For the period from 24 November 2022 to 31 December 2022 and the period from 1 January 2023 to 28 February 2023, the amount of fees paid by Fosun Pharma Industrial Development to the Company with respect to provision of the services under the Clinical Trial Research Services Agreement was approximately RMB10,771,970 (audited) and RMB8,775,760 (unaudited), respectively.

B. REVISION OF ANNUAL CAP

In view of the actual progress of the cooperation under the Clinical Trial Research Services Agreement and the new service demands for the clinical project of Azvudine, the Company estimates the existing annual cap in relation to the payment of fees by Fosun Pharma Industrial Development to the Company for the provision of the services under the Clinical Trial Research Services Agreement for the period from 1 January 2023 and ending on 23 November 2023 will not be sufficient. Accordingly, on 31 March 2023, the Board resolved to revise the annual cap for the period from 1 January 2023 and ending on 23 November 2023 to RMB73,000,000.

The revised annual cap has been determined with reference to, among other things, (i) the expected increase of services within the scope of the Clinical Trial Research Services Agreement and the corresponding increased fees; (ii) the updated schedule of the study protocol as estimated under the project and the corresponding payment arrangement; (iii) the prevailing market rate for provision of the services of similar nature; and (iv) the fees charged by the Company when providing services of similar nature to other independent third parties.

The terms of the Clinical Trial Research Services Agreement remained unchanged.

The revision of the annual cap under the Clinical Trial Research Services Agreement for the period from 1 January 2023 and ending on 23 November 2023 is due to the actual progress of the cooperation under the Clinical Trial Research Services Agreement and the new service demands for the clinical project of Azvudine, and is necessary for the normal operation of the Company. As such, the Company considers that it is in the interest of the Company to revise the annual cap under the Clinical Trial Research Services Agreement to reflect the changes in the project plan and create commercial interests for the Group.

C. LISTING RULES IMPLICATIONS

As at the date of this announcement, Fosun Pharma Industrial Development is a wholly-owned subsidiary of Fosun Pharma, the controlling shareholder of the Company. Therefore, Fosun Pharma Industrial Development is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions under the Clinical Trial Research Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual cap (as revised) for the transactions with Fosun Pharma Industrial Development under the Clinical Trial Research Services Agreement is more than 0.1% but less than 5%, the transactions under the Clinical Trial Research 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.

D. DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the terms of the Clinical Trial Research Services Agreement (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, Mr. Deyong Wen and Mr. Zihou Yan holds various positions with Fosun Pharma and/or its subsidiaries, each of them has abstained from voting on the Board resolutions approving the revised annual cap under the Clinical Trial Research 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 Clinical Trial Research Services Agreement, and no other Director has abstained from voting on the relevant Board resolutions approving the revised annual cap thereunder.

E. INFORMATION ABOUT THE PARTIES

(a) Fosun Pharma Industrial Development

Fosun Pharma Industrial Development is a company incorporated in the PRC with limited liability and a wholly owned subsidiary of Fosun Pharma. Fosun Pharma Industrial Development is principally engaged in industrial investment, pharmaceutical industry investment and import and export of goods and technology.

(b) Genuine Biotech

Genuine Biotech, a company established in the PRC with limited liability, is 100% owned by Genuine Biotech HK Limited as at the date of this announcement. Genuine Biotech is a R&D driven biotech company, dedicating to the R&D, manufacture and commercialisation of innovative drugs for the treatment of viral, oncological and cerebrovascular diseases.

Based on the public information, and to the Company's best knowledge, information and belief, as of the date of this announcement, Mr. Wang Zhaoyang (王朝陽) is ultimately interested in 48.61% of the equity interests in Genuine Biotech and apart from Mr. Wang Zhaoyang (王朝陽), there are no other individuals who are ultimately interested in 30% or more of the equity interest in Genuine Biotech.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Genuine Biotech and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

(c) 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.

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

Hong Kong, 31 March 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*