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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**

### **CMC TECHNICAL SERVICES FRAMEWORK AGREEMENT**

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On 29 June 2023, Aton Ruilin, a wholly-owned subsidiary of the Company, entered into the CMC Technical Services Framework Agreement with Fosun Pharma Industrial Development, pursuant to which Aton Ruilin agreed to provide CMC related technical services to Fosun Pharma Industrial Development and its subsidiaries.

#### **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 CMC Technical Services Framework 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 maximum annual caps for the transactions with Fosun Pharma Industrial Development and its subsidiaries under the CMC Technical Services Framework Agreement is more than 0.1% but less than 5%, the transactions under the CMC Technical Services Framework 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**

On 29 June 2023, Aton Ruilin, a wholly-owned subsidiary of the Company, entered into the CMC Technical Services Framework Agreement with Fosun Pharma Industrial Development, pursuant to which Aton Ruilin agreed to provide CMC related technical services to Fosun Pharma Industrial Development and its subsidiaries.

## **B. CMC TECHNICAL SERVICES FRAMEWORK AGREEMENT**

The principal terms of the CMC Technical Services Framework Agreement are summarised as follows:

### **(a) Subject Matter**

Pursuant to the CMC Technical Services Framework Agreement, Aton Ruilin agreed to provide complete CMC technical services from process development to cGMP manufacturing (including stable cell line development, process development, large-scale cell culture, purification, and formulation filling production), analytical and testing services (including analytical method development, verification, release testing and stability studies of drug substance and finished products), regulatory support services for clinical declaration, services such as CMC data writing and registration declaration support required in China and international clinical declaration and technical consulting and project management services, etc., to Fosun Pharma Industrial Development and its subsidiaries. Fosun Pharma Industrial Development and its subsidiaries may place orders with Aton Ruilin from time to time in respect of the services under the CMC Technical Services Framework Agreement.

### **(b) Consideration**

Pursuant to the CMC Technical Services Framework Agreement, Fosun Pharma Industrial Development and its subsidiaries shall pay Aton Ruilin for the services provided under the CMC Technical Services Framework Agreement within 30 calendar days after receiving and confirming the relevant settlement documents and invoices issued by Aton Ruilin.

The service fee under the CMC Technical Services Framework Agreement will be determined after arm's length negotiations between the parties with reference to the actual cost incurred by Aton Ruilin for provision of services under the agreement and the prevailing market price for the types of services of similar nature, and will be no more favourable than the fees charged by Aton Ruilin when providing similar services to other independent third parties. When determining the prevailing market price, Aton Ruilin will comprehensively consider the quotations from at least two independent third-parties in relation to provision of services of similar nature during the same period when the specific services contemplated under the agreement take place.

### **(c) Historical Amounts and Annual Cap**

For the years ended 31 December 2020, 2021, 2022 and the period from 1 January to 31 March 2023, the historical transaction amounts received by the Group from Fosun Pharma and its subsidiaries (excluding the Group) for provision of production-related technical services including CMC technical services were approximately RMB154,000, nil, RMB36,656,100 (the relevant data were taken from the details of audited related party transactions in each year) and nil (unaudited), respectively.

The maximum transaction amount to be paid by Fosun Pharma Industrial Development and its subsidiaries to Aton Ruilin and its subsidiaries (if any) with respect to provision of the services under the CMC Technical Services Framework Agreement for the period from 29 June 2023 to 31 December 2023, the years ending 31 December 2024 and 31 December 2025, and the period from 1 January 2026 to 28 June 2026 will not exceed RMB3 million, RMB8 million, RMB20 million and RMB15 million, respectively.

The annual caps are determined with reference to (1) the scope of services provided under the CMC Technical Services Framework Agreement; (2) the estimated content and schedule of the potential project services; (3) the prevailing market price of services of similar nature; and (4) the fee charged by Aton Ruilin when providing similar services to other independent third parties.

**(d) Termination**

Parties are entitled to terminate the CMC Technical Services Framework Agreement according to the terms of the agreement. Upon termination of the CMC Technical Services Framework Agreement, Aton Ruilin is entitled to charge Fosun Pharma Industrial Development service and its subsidiaries fees or costs which have been incurred for providing the services under the CMC Technical Services Framework Agreement.

**(e) Effective Date and Term**

The CMC Technical Services Framework Agreement shall be effective on 29 June 2023 (“**Effective Date**”) and, unless terminated by the parties, will be valid until the earlier of the following dates: (i) three years from the Effective Date; and (ii) the date on which the last order placed by Fosun Pharma Industrial Development and its subsidiaries under the CMC Technical Services Framework Agreement is completed or due.

**C. REASONS FOR, AND BENEFITS OF, THE CMC TECHNICAL SERVICES FRAMEWORK AGREEMENT**

Given the transactions contemplated under the CMC Technical Services Framework Agreement will help Aton Ruilin and Fosun Pharma Industrial Development to further cooperate in the future, improve the overall operational efficiency, and further promote the business development of Anton Ruilin, which will help improve its profitability, the Directors consider that entering into the CMC Technical Services Framework Agreement will create commercial interests for the Group, which is in the interests of the Group.

**D. 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 CMC Technical Services Framework 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 maximum annual caps for the transactions with Fosun Pharma Industrial Development and its subsidiaries under the CMC Technical Services Framework Agreement is more than 0.1% but less than 5%, the transactions under the CMC Technical Services Framework 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. INTERNAL CONTROL PROCEDURES**

The Company has formulated internal control measures and procedures in relation to conducting connected transactions, which require, among other things, that all connected transactions must be carried out on normal commercial terms or better to the Group. A control mechanism to segregate duties to notify and review these continuing connected transactions has been set up within the Group, the details of which are set out as follows:

- (a) The relevant internal audit and control department monitors the continuing connected transactions by approving orders placed under the CMC Technical Services Framework Agreement in the internal process, to ensure that such transactions are entered into (i) in accordance with the pricing policy under the CMC Technical Services Framework Agreement; (ii) in the ordinary and usual course of business of the Group; (iii) on normal commercial terms or better; and (iv) according to the CMC Technical Services Framework Agreement on terms that are fair and reasonable and in the interests of the Company and shareholders as a whole.
- (b) The Finance Department reports actual transaction amounts to the relevant business department and Board Secretary Office on a monthly basis. If the actual transaction amounts under the CMC Technical Services Framework Agreement are expected to exceed the annual caps, the relevant business department will liaise with the Finance Department and Board Secretary Office to initiate an approval application process in order to comply with all applicable requirements under the Group's internal control policy as well as under the Listing Rules.

Further, the Company will comply with all relevant requirements under the Listing Rules which include the annual review and/or confirmation by the independent non-executive Directors and auditors of the Company on the actual execution of the transactions contemplated under the CMC Technical Services Framework Agreement.

## **F. DIRECTORS' CONFIRMATION**

The Directors (including the independent non-executive Directors) are of the view that the terms of the CMC Technical Services Framework Agreement (including the annual caps thereunder) 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 CMC Technical Services Framework 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 CMC Technical Services Framework Agreement, and no other Director has abstained from voting on the relevant Board resolutions approving the CMC Technical Services Framework Agreement and the transactions contemplated thereunder.

## **G. 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) Aton Ruilin**

Aton Ruilin was established in March 2022 and is a wholly-owned subsidiary of the Company. The operation scope of Aton Ruilin includes technical services, technical development, technical consultation, technical exchange, technology transfer, technology promotion, import and export of goods and technology, engineering and technology research and experimental development, engineering management services, certification consulting, standardisation services, packaging services, information consulting services, etc.

### **(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.

## **H. DEFINITIONS**

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

“Aton Ruilin”	Aton (Shanghai) Biotech Co., Ltd* (安騰瑞霖(上海)生物科技有限公司), a company established in the PRC with limited liability, and a wholly-owned subsidiary of the Company
“Board”	the board of Directors
“CMC”	chemistry, production and control
“CMC Technical Services Framework Agreement”	the technical services framework agreement dated 29 June 2023 entered into between Aton Ruilin and Fosun Pharma Industrial Development
“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 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

“Fosun Pharma Industrial Development”	Shanghai Fosun Pharmaceutical Industrial Development Company Limited* (上海復星醫藥產業發展有限公司), a company established in the PRC on 27 November 2001 with limited liability, and a wholly-owned subsidiary of Fosun Pharma
“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
“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
“%”	per cent.

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

Hong Kong, 29 June 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*