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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 RENEWAL OF THE PROMOTIONAL SERVICES AGREEMENT

RENEWAL OF THE PROMOTIONAL SERVICES AGREEMENT

References are made to the announcements of the Company dated 31 December 2020, 30 November 2021 and 30 June 2022 (the “**Announcements**”) in relation to the continuing connected transactions under the Promotional Services Agreement of the Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, pursuant to the Promotional Services Agreement entered into on 24 August 2020 and as renewed by two supplemental agreements on 31 December 2020 and 30 June 2022 respectively between Shanghai Henlius Biopharmaceutical Co., Ltd. (“**Henlius Biopharmaceutical**”), a wholly-owned subsidiary of the Company, and Jiangsu Fosun, Henlius Biopharmaceutical agreed to authorise Jiangsu Fosun as the business cooperation partner to carry out promotional activities in the Designated Areas to the customers in respect of the Group’s HANQUYOU (trastuzumab injection) (“**HANQUYOU**”) from 24 August 2020 to 31 December 2023.

As the term of the Promotional Services Agreement will expire on 31 December 2023, the Board announces that on 29 December 2023, Henlius Biopharmaceutical and Jiangsu Fosun entered into a new supplemental agreement for renewing the Promotional Services Agreement (“**Promotional Services Agreement (2023 Renewal)**”) to extend the term of the agreement for one year from 1 January 2024 to 31 December 2024 and adjust the applicable fee rates thereunder.

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 (2023 Renewal) 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 exceeds 0.1% but less than 5%, the transactions under the Promotional Services Agreement (2023 Renewal) are subject to reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

A. INTRODUCTION

References are made to the Announcements in relation to the continuing connected transactions under the Promotional Services Agreement of the Company. Pursuant to the Promotional Services Agreement entered into by Henlius Biopharmaceutical, a wholly-owned subsidiary of the Company, and Jiangsu Fosun on 24 August 2020, as renewed by two supplemental agreements on 31 December 2020 and 30 June 2022 respectively, Henlius Biopharmaceutical agreed to authorise Jiangsu Fosun as the business cooperation partner to carry out promotional activities in the Designated Areas to the customers in respect of the Group's HANQUYOU from 24 August 2020 to 31 December 2023.

As the term of the Promotional Services Agreement will expire on 31 December 2023, the Board announces that on 29 December 2023, Henlius Biopharmaceutical and Jiangsu Fosun entered into the Promotional Services Agreement (2023 Renewal) to extend the term of the agreement for one year from 1 January 2024 to 31 December 2024 and adjust the applicable fee rates thereunder.

B. PROMOTIONAL SERVICES AGREEMENT (2023 RENEWAL)

The major terms of the Promotional Services Agreement (2023 Renewal) are set out below:

(a) Subject Matter

Pursuant to the Promotional Services Agreement (2023 Renewal), the Company agreed to authorise Jiangsu Fosun as the business cooperation partner to carry out promotional activities in the Designated Areas to the targeted customers in respect of HANQUYOU (specification: 150mg/vial, 60mg/vial).

(b) Basis of Consideration

The Group shall settle the promotional service fee monthly. The promotional service fee is calculated by multiplying the actual sales of HANQUYOU promoted by Jiangsu Fosun by applicable fee rates.

Pursuant to the Promotional Services Agreement (2023 Renewal), the applicable fee rates from 1 January 2024 to 31 December 2024 will range from 22.5% to 29.0% based on the actual sales of HANQUYOU promoted by Jiangsu Fosun as agreed by the parties. Such fee rates are determined based on, among other things, the actual needs of the Group, the latest forecast of market conditions in the Designated Areas, market standards and mutual negotiation between the Group and Jiangsu Fosun.

(c) Historical Amounts and Annual Cap

The historical amounts payable (on a tax-exclusive basis) by the Group to Jiangsu Fosun under the Promotional Services Agreement for the year ended 31 December 2022 and the nine months ended 30 September 2023 were approximately RMB19,227,000 and RMB23,349,000, respectively.

The maximum annual transaction amount (on a tax-exclusive basis) to be paid by the Group to Jiangsu Fosun under the Promotional Services Agreement (2023 Renewal) for the year ending 31 December 2024 will not exceed RMB75,000,000.

The annual cap was determined with reference to, among other things, (i) the estimated market demand of HANQUYOU in the Designated Areas, (ii) the estimated annual sales of HANQUYOU promoted by Jiangsu Fosun for the year ending 31 December 2024, and (iii) the adjusted fee rates as set out above.

C. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE PROMOTIONAL SERVICES AGREEMENT (2023 RENEWAL)

HANQUYOU (trastuzumab injection, EU brand name: Zercepac[®]) is one of the core products of the Group and its indications cover (1) HER2-positive early breast cancer; (2) HER2-positive metastatic breast cancer; and (3) HER2-positive metastatic adenocarcinoma of the stomach or gastroesophageal junction. The specifications that have been approved for marketing in China include 150mg/vial and 60mg/vial. The sales promotion of HANQUYOU in mainland China is led by the Company's inhouse commercialisation team.

Jiangsu Fosun has mature county-level marketing teams with market of the experience in the promotion of HANQUYOU in the Designated Areas and is familiar with the market of the Designated Areas as well as the Group's products. Therefore, Jiangsu Fosun has competitive advantages in the promotion of HANQUYOU in the Designated Areas as compared with other third-party service suppliers.

Taking into account (1) changes in the competitive landscape of the market (mainly including an increase in the number of similar competing products in the PRC market), (2) the arrangement of working focus of the Group's inhouse team, and (3) the competitiveness of Jiangsu Fosun in the county-level markets of mainland China, the continual engagement of Jiangsu Fosun for relevant promotion of HANQUYOU in the Designated Areas to targeted customers and the corresponding adjustment to the applicable rate of the promotional service fee will be conducive to maintaining the county-level market share of HANQUYOU, further expanding the promotion business and market share of HANQUYOU in the county-level markets, and bringing in commercial interests to the Group.

D. 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 (2023 Renewal) 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 exceeds 0.1% but less than 5%, the transactions under the Promotional Services Agreement (2023 Renewal) are subject to reporting, announcement and annual review requirements, but 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 Promotional Services Agreement (2023 Renewal) (including the annual cap thereunder) are fair and reasonable, and that the transactions contemplated under the above-mentioned 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. Wenjie Zhang, Mr. Qiyu Chen, Mr. Yifang Wu, Ms. Xiaohui Guan, Mr. Deyong Wen and Dr. Xingli Wang holds various positions with Fosun Pharma and/or their respective subsidiaries, each of them has abstained from voting on the Board resolutions approving the Promotional Services Agreement (2023 Renewal) (including the annual cap 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 Promotional Services Agreement (2023 Renewal), and no other Director has abstained from voting on the relevant Board resolution approving the Promotional Services Agreement (2023 Renewal) (including the annual cap thereunder).

F. INFORMATION ON THE PARTIES

(a) Jiangsu Fosun

Jiangsu Fosun is a company established 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, chemical pharmaceutical preparations, chemical APIs, antibiotics, biochemical drugs and biological products; the sales of hygienic materials, daily necessities, glassware, prepacked and bulk food and healthy food; the sales of medical equipment; and the import and export of various commodities and techniques, etc.

(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.

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

Hong Kong, 29 December 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. Jun Zhu as the executive director, Mr. Qiyu Chen, Mr. Yifang Wu, Ms. Xiaohui Guan, Mr. Deyong Wen and Dr. Xingli Wang 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.