THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Shanghai Henlius Biotech, Inc., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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 TRANSACTION COLLABORATION ARRANGEMENTS UNDER THE HLX01 AGREEMENT AND HLX03 AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Independent Financial Adviser

to the Independent Board Committee and Independent Shareholders

RAINBOW CAPITAL (HK) LIMITED

滾 博 資 本 有 限 公 司

A notice convening the EGM of the Company to be held at Conference Room, 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC on Monday, 23 December 2024 at 10:00 a.m. is set out on pages 39 to 40 of this circular.

A letter from the Board is set out on pages 5 to 14 of this circular and a letter from the Independent Board Committee of the Company, containing its recommendation to the Independent Shareholders, is set out on page 15 of this circular. A letter from Rainbow Capital containing its advice to the Independent Board Committee and Independent Shareholders is set out on pages 16 to 33 of this circular.

A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Board Secretary Office (for holders of Unlisted Shares), at 10F, Building B8, 188 Yizhou Road, Xuhui District, Shanghai, PRC, or the Company's H share registrar in Hong Kong (for holders of H Shares), Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Sunday, 22 December 2024) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or at any adjourned meetings if they so wish.

This circular together with the form of proxy are also published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.henlius.com).

References to time and dates in this circular are to Beijing time and dates.

5 December 2024

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Board"	the board of Directors of the Company
"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 (stock code: 2696)
"connected person"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the 2024 first extraordinary general meeting of the Company to be held at Conference Room, 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC on Monday, 23 December 2024 at 10:00 a.m., for the Independent Shareholders to consider, and if thought fit, to approve the resolution contained in the notice of meeting which is set out on pages 39 to 40 of this circular, or any adjournment thereof
"Fosun Industrial"	Fosun Industrial Co., Limited* (復星實業(香港)有限公司), a company incorporated in Hong Kong on 22 September 2004 with limited liability, and a wholly-owned subsidiary of Fosun Pharma
"Fosun International"	Fosun International Limited (復星國際有限公司), a company incorporated in Hong Kong on 24 December 2004 with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and a controlling shareholder
"Fosun New Medicine"	Shanghai Fosun New Medicine Research Co., Ltd.* (上海復星新藥研究股份有限公司) (formerly known as "Shanghai Fosun New Medicine Research Company Limited"* (上海復星新藥研究有限公司)), a company established in the PRC on 12 September 2008 with limited liability, and a wholly-owned subsidiary of Fosun Pharma

"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, and a controlling shareholder
"Fosun Pharma Industrial Development"	Shanghai Fosun Pharmaceutical 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
"H Share(s)"	overseas listed foreign share(s) in the Company's ordinary share capital, with a nominal value of RMB1.00 each, which were listed on the Stock Exchange and traded in Hong Kong dollars
"HLX01 Agreement"	an agreement entered into between the Company and Fosun Pharma Industrial Development in September 2015 to commercialise HLX01 (HANLIKANG) as defined in the Prospectus
"HLX03 Agreement"	an agreement entered into between the Company and Jiangsu Wanbang in September 2017 to commercialise HLX03 (HANDAYUAN) as defined in the Prospectus
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Listing Rules" or "Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time
"Independent Board Committee"	the independent board committee of the Company comprising all of the Independent Non-executive Directors

"Independent Financial Adviser" or "Rainbow Capital"	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the HLX01 Agreement and HLX03 Agreement and transactions contemplated thereunder (including the annual caps thereto)
"Independent Non-executive Director(s)"	the independent non-executive Director(s) of the Company, namely, Mr. Tak Young SO, Dr. Lik Yuen CHAN, Dr. Guoping ZHAO and Dr. Ruilin SONG
"Independent Shareholders"	Shareholders other than Fosun Pharma Industrial Development, Fosun New Medicine and Fosun Industrial
"Jiangsu Wanbang"	Jiangsu Wanbang (Group) Biopharmaceutical Co., Ltd.* (江蘇萬邦生化醫藥集團有限責任公司), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Fosun Pharma
"Latest Practicable Date"	25 November 2024
"Listing"	the listing of the H Shares on the Main Board of the Stock Exchange
"PRC" or "Mainland China"	the People's Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau and Taiwan regions
"Prospectus"	the prospectus issued by the Company on 12 September 2019
"R&D"	Research & Development
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"Share(s)"	ordinary share(s) with nominal value of RMB1.00 each in the share capital of the Company

"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Hong Kong Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Unlisted Share(s)"	ordinary share(s) with nominal value of RMB1.00 each in the share capital of the Company, which are not listed on any stock exchange
"%"	per cent.

* *for identification purpose only*

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)

Head office and Principal Place of Business in the PRC:
11F, Building B8
188 Yizhou Road
Xuhui District
Shanghai
PRC

Registered Office in the PRC:
Room 901, 9/F, Building 1
No. 367 Shengrong Road
China (Shanghai) Pilot Free Trade Zone
PRC

Principal Place of Business in Hong Kong:
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

5 December 2024

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTION COLLABORATION ARRANGEMENTS UNDER THE HLX01 AGREEMENT AND HLX03 AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

I. INTRODUCTION

The Company refers to the Prospectus and the announcement (the "**Announcement**") of the Company dated 31 December 2021 in relation to, among other things, the collaboration arrangements under the HLX01 Agreement and the HLX03 Agreement. Reference is also made to the announcement of the Company dated 25 November 2024 in relation to the collaboration

arrangements under the HLX01 Agreement and the HLX03 Agreement, pursuant to which, in order to facilitate the continued cooperation with Fosun Pharma Industrial Development and Jiangsu Wanbang in respect of the commercialisation of HANLIKANG (rituximab injection, HLX01) and HANDAYUAN (adalimumab injection, HLX03) in the PRC, the Company proposes to set the annual caps for the transactions under the HLX01 Agreement and HLX03 Agreement for the three years ending 31 December 2027. There has not been any change to the terms of the HLX01 Agreement and HLX03 Agreement since the Announcement.

The purpose of this circular is (a) to provide the Shareholders with information in respect of the collaboration arrangements under the HLX01 Agreement and the HLX03 Agreement and (b) to give the Shareholders notice of the EGM at which ordinary resolution will be proposed to approve the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto).

II. COLLABORATION ARRANGEMENTS UNDER THE HLX01 AGREEMENT AND HLX03 AGREEMENT

A. Introduction

The Company refers to the Prospectus and the announcement (the "**Announcement**") of the Company dated 31 December 2021 in relation to, among other things, the collaboration arrangements under the HLX01 Agreement and the HLX03 Agreement.

As set out in the Prospectus and the Announcement, (a) the Company has entered into the HLX01 Agreement with Fosun Pharma Industrial Development and the HLX03 Agreement with Jiangsu Wanbang; (b) the Company has applied for, and the Stock Exchange has granted, (i) a waiver from strict compliance with the requirements under Rule 14A.52 of the Listing Rules such that the term of each of the HLX01 Agreement and the HLX03 Agreement can be of an unspecified term (the "**Rule 14A.52 Waiver**") and (ii) a waiver from strict compliance with the requirements under Rule 14A.53 of the Listing Rules such that the annual caps in relation to continuing connected transactions under the HLX01 Agreement and the HLX03 Agreement for the three years ending 31 December 2024 could be determined by reference to formulas in accordance with the terms as set out in the relevant agreements.

One condition for granting the Rule 14A.52 Waiver is that the Company will need to re-comply with the applicable requirements for setting the annual caps for the transactions under the HLX01 Agreement and HLX03 Agreement before the expiry of the term of three years ending 31 December 2024. Accordingly, in order to facilitate the continued cooperation with Fosun Pharma Industrial Development and Jiangsu Wanbang in respect of the commercialisation of HANLIKANG and HANDAYUAN in the PRC, the Company proposes to set the annual caps for the transactions under the HLX01 Agreement and HLX03 Agreement for the three years ending 31 December 2027 to re-comply with the applicable requirements under the Listing Rules.

B. Collaboration Arrangements Under the HLX01 Agreement and HLX03 Agreement

The principal terms of HLX01 Agreement and HLX03 Agreement are set out below:

a. Principal terms

Pursuant to the terms of the HLX01 Agreement and HLX03 Agreement, the Company has agreed to (i) be responsible for the R&D, regulatory submission, clinical trials as well as the manufacturing and supply of HANLIKANG and HANDAYUAN in the PRC and (ii) grant an exclusive license to Fosun Pharma Industrial Development and/or its associates to promote and commercialise HANLIKANG and grant an exclusive license to Jiangsu Wanbang and/or its associates to promote and commercialise HANDAYUAN in the PRC. The Company had also agreed with Fosun Pharma Industrial Development and Jiangsu Wanbang respectively to share the net profit (as defined in the HLX01 Agreement and HLX03 Agreement) derived from the sales of HANLIKANG and HANDAYUAN by Fosun Pharma and/or its associates in the PRC. The above arrangement was agreed based on arm's length negotiation, after taking into consideration the reasons set out below.

The HLX01 Agreement and HLX03 Agreement became effective on the date of signing, and will continue until terminated in accordance with its terms.

The HLX01 Agreement and HLX03 Agreement may be terminated if (i) any party materially breaches the terms of the HLX01 Agreement and HLX03 Agreement and such breach cannot be cured within 90 days by the breaching party upon receiving notice from the non-breaching party, or (ii) any party is under liquidation, whether voluntary or otherwise, or enters into any agreements with its creditors which may be detrimental to the performance of the obligations under the HLX01 Agreement and HLX03 Agreement. In addition, if there is a change of control of Fosun Pharma Industrial Development or Jiangsu Wanbang, Fosun Pharma Industrial Development or Jiangsu Wanbang and the Company should negotiate in good faith for continuing to carry out the cooperation arrangement under the HLX01 Agreement and HLX03 Agreement, failing which, the Company may terminate the HLX01 Agreement and HLX03 Agreement.

b. Pricing policies

Pursuant to the terms of HLX01 Agreement and HLX03 Agreement, the Company has set the payment for (i) the supplying of products by the Group and (ii) the sharing of net profits under the relevant cooperation agreements as formulas below.

(i) For the payment to be received in relation to the supply of products by the Company

The payment to be received from Fosun Pharma and/or its associates for the supplying of the relevant products by the Company pursuant to the HLX01 Agreement and the HLX03 Agreement will be determined in accordance with the following formula:

Payment to be received	=	(1+10%) × cost incurred by the Company for the manufacturing of the relevant products delivered to Fosun Pharma and/or its associates

The Company considered the formula set out above remains to be fair and reasonable and in the interest of the Company and its Shareholders as (i) the supply of products to Fosun Pharma and/or its associates is an integral part of the collaboration arrangements with Fosun Pharma and/or its associates and is consistent with the practice between the Company and its other independent business partners, and (ii) supplying products at a reasonable margin is in line with the industry practice. It remains a common practice for a pharmaceutical company in the PRC to pay a contract manufacturing organization the manufacturing cost plus a reasonable double-digit mark-up for the manufacturing of pharmaceutical products.

(ii) For the payment to be received in relation to the sharing of net profits

The payment to be received from Fosun Pharma and/or its associates for the sharing of net profits pursuant to the HLX01 Agreement and the HLX03 Agreement will be determined in accordance with the following formula:

$$\text{Payment to be received} = 50\% \times \text{Net profit of relevant products}$$

"Net profit" refers to the revenue received by Fosun Pharma Industrial Development or Jiangsu Wanbang (as the case may be) from the sale of the relevant products, after deducting (i) marketing and selling expenses determined in accordance with the terms of the relevant agreement and (ii) the cost incurred by the Company for manufacturing of the relevant products (plus a 10% margin).

The Company considered the formula set out above remains to be fair and reasonable and in the interest of the Company and its Shareholders as (i) having considered the terms of the HLX01 Agreement and the HLX03 Agreement and the terms of other independent third-party agreements, the overall terms of the HLX01 Agreement and the HLX03 Agreement showed greater potential for demonstrating the value of the relevant products when the relevant agreements were signed, and (ii) the cooperation agreements entered into by the Company with Fosun Pharma and/or its associates are in line with the industry practice.

c. Historical amounts

The sales revenue (including revenue from supply of products and sharing of net profits) received by the Group from Fosun Pharma and/or its associates pursuant to the HLX01 Agreement and the HLX03 Agreement for the years ended 31 December 2021, 2022, 2023 and for the six months ended 30 June 2024 were approximately RMB547 million, RMB595 million, RMB567 million and RMB235 million (unaudited) respectively.

d. Annual caps for the continuing connected transactions under the HLX01 Agreement and the HLX03 Agreement

The sales revenue (including revenue from supply of products and sharing of net profits) to be received by the Group from Fosun Pharma and/or its associates pursuant to the HLX01 Agreement for the three years ending 31 December 2027 will not exceed RMB592 million, RMB682 million and RMB752 million, respectively. The sales revenue (including revenue from supply of products and sharing of net profits) to be received by the Group from Fosun Pharma and/or its associates pursuant to the HLX03 Agreement for the three years ending 31 December 2027 will not exceed RMB75 million, RMB90 million and RMB105 million, respectively.

The annual caps for the transactions under the HLX01 Agreement and the HLX03 Agreement was determined with reference to, among other things, the following factors:

(i) considering the sales volume data from the IQVIA CHPA database (IQVIA is a global provider of professional information and strategic consulting services in the pharmaceutical and health industry), which shows that the sales volumes of rituximab and adalimumab in the Chinese domestic market for the first half of 2024 have increased by approximately 26% and 16% respectively compared to the same period in the previous year, and taking into account the current market situation of HANLIKANG and HANDAYUAN, the expected growth of the related products and Fosun Pharma and/or its associates' anticipated demand for these related products;

(ii) the historical transaction amounts (including revenue from supply of products and sharing of net profits) from the sales revenue of the relevant products under the HLX01 Agreement and the HLX03 Agreement;

(iii) the historical revenue generated by Fosun Pharma and/or its associates from the sales of HANLIKANG and HANDAYUAN;

e. Reasons for, and benefits of, the entering into HLX01 Agreement and HLX03 Agreement previously

As the R&D of pharmaceutical products require significant capital investment, it is common practice in the pharmaceutical industry to share the risks and costs associated with the drug development process through cooperation. Following such industry practice, the Group has entered into the HLX01 Agreement and the HLX03 Agreement before its Listing. In addition, the Company has entered into several cooperation agreements with business partners, including Fosun Pharma and/or its associates and other independent third parties. The Company adopted a consistent practice in terms of establishing cooperation agreements with its business partners. In addition, through leveraging the resources and established capabilities of relevant business partners in local markets, the Company believes such cooperation agreements will enable the Company to expeditiously establish an advantageous position in market share in relevant jurisdictions. The Company believes that such cooperation agreements (including the cooperation agreements with Fosun Pharma and/or its associates) are in the interest of the Company and its Shareholders as a whole.

By entering into the HLX01 Agreement and the HLX03 Agreement, the Group has been able to benefit and leverage from Fosun Pharma's foundation, accumulation and team allocation in the field of non-solid tumours and autoimmune diseases, as well as its extensive resources, established market access and nationwide sales and marketing network, thus rapidly commercialising HANLIKANG and HANDAYUAN on a large scale and further strengthening the Group's commercial operations before and after its Listing. On the other hand, according to the Company's own strategic plan, the Company focuses on the commercialisation of products in the field of solid tumours, such as HANQUYOU, HANSIZHUANG, and etc., and the Company is mainly responsible for the commercialisation of such products in Mainland China currently. Thus, it would be more efficient, effective and also in line with the Company's strategy for the Company to engage Fosun Pharma and/or its associates to commercialize HANLIKANG and HANDAYUAN.

C. Listing Rules Implications

As at the Latest Practicable Date, Fosun Pharma Industrial Development and Jiangsu Wanbang are subsidiaries of Fosun Pharma, the controlling shareholder of the Company. Therefore, each of Fosun Pharma Industrial Development and Jiangsu Wanbang is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder and the transactions under the HLX01 Agreement and the HLX03 Agreement constitute continuing connected transactions of the Company.

As the transactions under the HLX01 Agreement and the HLX03 Agreement were entered into by the Company with parties who are connected with one another, the transactions under the HLX01 Agreement and the HLX03 Agreement are required to be aggregated under Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the aggregated annual caps for the transactions under the HLX01 Agreement and the HLX03 Agreement is more than 5%, the transactions under the HLX01 Agreement and the HLX03 Agreement are subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As set out in the Announcement, the Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 14A.52 of the Listing Rules so that the term of each of the HLX01 Agreement and the HLX03 Agreement can be of an unspecified term. For details, please refer to the section headed "C. GRANT OF WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES" in the Announcement. It is a market practice in the pharmaceutical industry for similar cooperation agreement to be entered into for a long term or for an indefinite term, primarily due to the substantial amount of capital committed by the collaboration partners and the risks involved.

D. Internal Control Procedures

The Company has formulated internal control measures and procedures to manage the continuing connected transactions and annual caps under the HLX01 Agreement and the HLX03 Agreement, the details of which are set out as follows:

(i) the relevant business department of the Company will conduct regular checks on a monthly basis to review and assess the sales of the relevant products and that the transactions under the HLX01 Agreement and the HLX03 Agreement are conducted in accordance with the terms of relevant agreements;

(ii) the Group has approved internal guidelines that additional reports and approvals are required for transactions exceeding the proposed annual caps (if applicable) to ensure that the Company will comply with the application requirements under Chapter 14A of the Listing Rules;

(iii) the Company will obtain and review the monthly sales management reports of the relevant products provided by Fosun Pharma and/or its associates, and conduct online and offline communications with the Fosun Pharma and/or its associates to ensure the accuracy of the net profit of the relevant products (including their revenues and expenses);

(iv) the Company will regularly review and collect the relevant transaction rates of similar products in the market or offered by independent third parties each year to ensure the payments to be received (including revenue from supply of products and sharing of net profits) will be at rates no less favourable than terms offered by independent third parties;

(v) the finance department reports actual transaction amounts to the relevant business department and board secretary office on a monthly basis, and the risk of exceeding the relevant abovementioned annual caps will be evaluated each month based on such actual transaction amounts. If the estimated annual transaction amounts which are calculated based on the historical transaction amounts and the estimated transaction amounts for the remaining months of the same year under the HLX01 Agreement and the HLX03 Agreement are expected to exceed the relevant abovementioned annual caps, the relevant business department will liaise with the finance department and board secretary office in advance to initiate an approval application process in relation to the revision of annual caps in order to comply with all applicable requirements under the Group's internal control policy as well as under the Listing Rules; and

(vi) the independent non-executive Directors and auditors of the Company will conduct annual review on the actual execution of the transactions contemplated under the HLX01 Agreement and the HLX03 Agreement and provide annual confirmations in accordance with the Listing Rules.

E. Information on 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 and is mainly engaged in contract manufacturing of pharmaceutical products, clinical trial services for pharmaceutical products, industrial investments, medical industry investments, import and export of goods and technologies.

(b) Jiangsu Wanbang

Jiangsu Wanbang is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Fosun Pharma and is mainly engaged in the research and development, production and sales of drugs in the treatment fields of hyperglycemia, hypertension, hyperlipidemia, hyperuricemia, and tumors. Products of Wanbang Biopharma market cover the fields of active chemical ingredients and their preparations, biochemical and biological products, traditional Chinese medicine, 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.

F. Independent Board Committee and Independent Financial Adviser

An Independent Board Committee, comprising all the Independent Non-executive Directors, has been established to consider and advise the Independent Shareholders on the terms of the HLX01 Agreement and HLX03 Agreement and transactions contemplated thereunder (including the annual caps thereto). Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the HLX01 Agreement and HLX03 Agreement and transactions contemplated thereunder (including the annual caps thereto).

G. Others

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 International and/or its subsidiaries, each of them has abstained from voting on the Board resolution approving the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto). 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 HLX01 Agreement and HLX03 Agreement and no other Director has abstained from voting on the relevant Board resolution approving the HLX01 Agreement and HLX03 Agreement.

III. EGM AND PROXY ARRANGEMENT

A notice of EGM is set out on pages 39 to 40 of this circular (the "**EGM Notice**"). The EGM will be convened and held at Conference Room, 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC on Monday, 23 December 2024 at 10:00 a.m.. A form of proxy for the EGM (the "**Form of Proxy**") is enclosed with this circular.

Shareholders who intend to appoint a proxy to attend the EGM and to vote on the resolution set out in the EGM Notice are requested to complete and return the Form of Proxy in accordance with the instructions printed thereon not less than 24 hours before the time appointed for the holding of the EGM (i.e. 10:00 a.m. on Sunday, 22 December 2024) or any adjournment thereof (as the case may be). Completion and return of the Form of Proxy shall not preclude a Shareholder from attending and voting in person at the EGM and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

The transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto) will be considered, and if thought fit, by the Independent Shareholders, at the EGM by poll. Fosun Pharma Industrial Development and its associates (including Fosun New Medicine and Fosun Industrial, which are fellow subsidiaries of Fosun Pharma Industrial Development), which are interested in an aggregate of approximately 59.56% of the total issued Shares of the Company as at the Latest Practicable Date, will abstain from voting on the resolution regarding the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto) at the EGM. Save for the above, as far as the Directors are aware having made all reasonable enquiries, no other Shareholders are required to abstain from voting on the resolution to be proposed regarding the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto) at the EGM.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Poll results will be announced by the Company by means set out in Rule 13.39(5) of the Listing Rules after the EGM.

In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the registers of members of the Company will be closed from Friday, 20 December 2024 to Monday, 23 December 2024 (both dates inclusive), during which period no transfer of shares of the Company will be effected. Shareholders whose names appear on the registers of members of the Company on Monday, 23 December 2024 shall be entitled to attend and vote at the EGM. In order to qualify for attending and voting at the EGM, all transfer documents accompanies by the relevant share certificates must be lodged with the Company's Board secretary office (for holders of Unlisted Shares), at 10F, Building B8, 188 Yizhou Road, Xuhui District, Shanghai, PRC or the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited (for holders of H Shares), at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration by 4:30 p.m. on Thursday, 19 December 2024.

IV. RECOMMENDATIONS

The Directors (excluding the Independent Non-executive Directors, whose views are set out in the Letter from the Independent Board Committee of this circular) are of the view that the terms of HLX01 Agreement and the HLX03 Agreement (including the annual caps thereto) are 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. Accordingly, such Directors recommend that you vote in favour of the resolution to be proposed at the EGM to approve the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto).

The Independent Board Committee, having taken into account the recommendations from Rainbow Capital, the Independent Financial Adviser, considers that the collaboration arrangements under the HLX01 Agreement and the HLX03 Agreement are fair and reasonable, the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto) 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. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto).

V. GENERAL

Your attention is drawn to the letter from the Independent Board Committee set out on page 15 of this circular and the letter from Rainbow Capital containing its recommendations to the Independent Board Committee and Independent Shareholders in connection with the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto) and the principal factors and reasons considered by them in arriving such recommendations set out on pages 16 to 33 of this circular.

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

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)

5 December 2024

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTION
COLLABORATION ARRANGEMENTS UNDER THE
HLX01 AGREEMENT AND HLX03 AGREEMENT

We have been appointed as the Independent Board Committee to consider the collaboration arrangements under the HLX01 Agreement and HLX03 Agreement, and to advise you on whether the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto) are in the ordinary and usual course of business of the Company, have been entered into on normal commercial terms, and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We wish to draw your attention to the letter from the Board set out on pages 5 to 14 of contained in the circular to the Shareholders of the Company dated 5 December 2024 (the "**Circular**"), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Rainbow Capital has been appointed as the Independent Financial Adviser to give recommendations to the Independent Board Committee and the Independent Shareholders in respect of the above matters. We also wish to draw your attention to the letter from Rainbow Capital set out on pages 16 to 33 of the Circular.

Having considered the information set out in the letter from the Board, the terms of the collaboration arrangements under the HLX01 Agreement and the HLX03 Agreement and the opinion of the Independent Financial Adviser in relation thereto, we are of the opinion that the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto) are in the ordinary and usual course of business of the Company, have been entered into on normal commercial terms, and the terms therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that you vote in favour of the resolution to be proposed at the EGM to approve the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto).

Yours faithfully,

Mr. Tak Young SO	**Dr. Lik Yuen CHAN**	**Dr. Guoping ZHAO**	**Dr. Ruilin SONG**
Independent Non-executive Director	*Independent Non-executive Director*	*Independent Non-executive Director*	*Independent Non-executive Director*

The following is the full text of a letter of advice from Rainbow Capital (HK) Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

Rainbow Capital (HK) Limited

5 December 2024

To the Independent Board Committee and the Independent Shareholders

Shanghai Henlius Biotech, Inc.
11F, Building B8
188 Yizhou Road
Xuhui District
Shanghai, PRC

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION COLLABORATION ARRANGEMENTS UNDER THE HLX01 AGREEMENT AND HLX03 AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the HLX01 Agreement and the HLX03 Agreement (including the annual caps thereto), details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 5 December 2024 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter shall have the same meanings as those defined in the Circular.

On 18 September 2015 (as amended), the Company has entered into the HLX01 Agreement with Fosun Pharma Industrial Development, pursuant to which, among others, the Company has agreed to be responsible for the R&D, regulatory submission, clinical trials as well as the manufacturing and supply of HANLIKANG (rituximab injection, HLX01) in the PRC and grant an exclusive license to Fosun Pharma Industrial Development and/or its associates to promote and commercialise HANLIKANG in the PRC. On 18 September 2017, the Company has entered into the HLX03 Agreement with Jiangsu Wanbang, pursuant to which, among others, the Company has agreed to be responsible for the R&D, regulatory submission, clinical trials as well as the manufacturing and supply of HANDAYUAN (adalimumab injection, HLX03) in the PRC and grant an exclusive license to Jiangsu Wanbang and/or its associates to promote and commercialise HANDAYUAN in the PRC. The Company

has applied for, and the Stock Exchange has granted (i) a waiver from strict compliance with the requirements under Rule 14A.52 of the Listing Rules such that the term of each of the HLX01 Agreement and the HLX03 Agreement can be of an unspecified term (the "**Rule 14A.52 Waiver**"); and (ii) a waiver from strict compliance with the requirements under Rule 14A.53 of the Listing Rules such that the annual caps in relation to continuing connected transactions under the HLX01 Agreement and the HLX03 Agreement for the three years ending 31 December 2024 could be determined by reference to formulas in accordance with the terms as set out in the relevant agreements.

One condition for granting the Rule 14A.52 Waiver is that the Company will need to re-comply with the applicable requirements for setting the annual caps for the transactions under the HLX01 Agreement and HLX03 Agreement before the expiry of the term of three years ending 31 December 2024. Accordingly, the Company proposes to set the annual caps for the transactions under the HLX01 Agreement and HLX03 Agreement for the three years ending 31 December 2027 to re-comply with the applicable requirements under the Listing Rules.

As at the Latest Practicable Date, Fosun Pharma Industrial Development and Jiangsu Wanbang are subsidiaries of Fosun Pharma, the controlling shareholder of the Company. Therefore, each of Fosun Pharma Industrial Development and Jiangsu Wanbang is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder and the transactions under the HLX01 Agreement and the HLX03 Agreement constitute continuing connected transactions of the Company.

As the transactions under the HLX01 Agreement and the HLX03 Agreement were entered into by the Company with parties who are connected with one another, the transactions under the HLX01 Agreement and the HLX03 Agreement are required to be aggregated under Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio in respect of the aggregated annual caps for the transactions under the HLX01 Agreement and the HLX03 Agreement is more than 5%, the transactions under the HLX01 Agreement and the HLX03 Agreement are subject to reporting, announcement and the Independent Shareholders' approval requirements under the Listing Rules.

Fosun Pharma Industrial Development and its associates (including Fosun New Medicine and Fosun Industrial, which are fellow subsidiaries of Fosun Pharma Industrial Development), which are interested in an aggregate of approximately 59.56% of the total issued Shares of the Company as at the Latest Practicable Date, will abstain from voting on the resolution regarding the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the proposed annual caps) at the EGM. Save for the above, as far as the Directors are aware having made all reasonable enquiries, no other Shareholders are required to abstain from voting on the resolution to be proposed regarding the HLX01 Agreement and HLX03 Agreement (including the proposed annual caps) at the EGM.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Tak Young So, Dr. Lik Yuen Chan, Dr. Guoping Zhao and Dr. Ruilin Song has been formed to advise the Independent Shareholders on (i) whether the entering into the HLX01 Agreement and the HLX03 Agreement are conducted in the ordinary and usual course of the Group; and (ii) whether the terms of the HLX01 Agreement and the HLX03 Agreement (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting. We, Rainbow Capital (HK) Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, Fosun Pharma Industrial Development and Jiangsu Wanbang that could reasonably be regarded as relevant to our independence. We have been appointed as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to (i) the continuing connected transactions in relation to the distribution framework agreement, details of which are set out in the circular of the Company dated 1 December 2022; (ii) the connected transactions and continuing connected transactions in relation to the license agreement, details of which are set out in the circular of the Company dated 13 December 2022; (iii) the connected transaction and continuing connected transactions in relation to the amendment to the license agreement, details of which are set out in the circular of the Company dated 11 August 2023; and (iv) the proposed pre-conditional privatisation of the Company by Fosun New Medicine by way of merger by absorption of the Company, details of which are set out in the announcements of the Company dated 24 June and 23 August 2024. Other than that, there was no other engagement between the Group, Fosun Pharma Industrial Development or Jiangsu Wanbang and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the HLX01 Agreement and the HLX03 Agreement. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the HLX01 Agreement and the HLX03 Agreement (including the proposed annual caps).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or

referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, Fosun Pharma Industrial Development, Jiangsu Wanbang or any of their respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation on the terms of the HLX01 Agreement and the HLX03 Agreement (including the proposed annual caps), we have taken into account the principal factors and reasons set out below:

1. Information of the Group

The Group is principally engaged in (i) research and development, production and sale of monoclonal antibody (mAb) drugs and the provision of related technical services (except for the development and application of human stem cells, genetic diagnosis and therapy technology) and (ii) the transfer of its own technology and the provision of the related technology consultation services. Up to date, 6 products of the Group have been launched in mainland China, and 3 products have been approved for marketing in Europe, the United States, Canada, Australia, Indonesia and other counties/regions. As an international and innovative biopharmaceutical company, by focusing on clinical needs, the Group stayed committed to innovation and proactively developed strategic partners with licensed-out projects covering mainstream biopharmaceutical markets and many emerging markets.

Among the 6 commercialised products, HANLIKANG (rituximab injection, HLX01) is a rituximab biosimilar independently developed by the Group and is commercially available in the domestic market in mainland China since 2019. As the first monoclonal antibody drug approved for marketing under the Guidelines for the R&D and Evaluation of Biosimilars (Trial) (《生物類似藥研發與評價技術指導原則(試行)》) in China in 2019, HANLIKANG has benefited over 260,000 patients in total in mainland China as of July 2024. The Company actively collaborates with partners such as Fosun Pharmaceutical Industrial Development, Abbott, Boston Oncology, LLC, Eurofarma, and FARMA DE COLOMBIA S.A.S to

continuously advance the global presence of HANLIKANG. On the other hand, HANDAYUAN (adalimumab injection, HLX03) is commercially available in the domestic market in mainland China since 2020 and has been approved for all eight indications of originator adalimumab for domestic marketing to date, including rheumatoid arthritis, ankylosing spondylitis, psoriasis, uveitis, polyarticular juvenile idiopathic arthritis, pediatric plaque psoriasis, Crohn's disease and pediatric Crohn's disease. The Company also collaborates with partners such as Jiangsu Wanbang and Getz Pharma (Private) Limited to advance the market presence of HANDAYUAN.

As disclosed in the interim report of the Company for the six months ended 30 June 2024, the Group's total revenue amounted to approximately RMB2,746.1 million for the six months ended 30 June 2024, which was mainly from drug sales, R&D services provided to customers, and license income. The Group recorded profit attributable to the Shareholders of approximately RMB386.3 million for the six months ended 30 June 2024.

Going forward, the Group will continue advancing the successful commercialisation of more products in an all-round efficient commercial operation model, providing global patients with biological drugs of affordable price and high quality. At the same time, the Group will maintain close cooperation with global partners to continuously expand its global market presence.

2. Information of Fosun Pharma Industrial Development and Jiangsu Wanbang

Fosun Pharmaceutical Industrial Development is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Fosun Pharma which is mainly engaged in contract manufacturing of pharmaceutical products, clinical trial services for pharmaceutical products, industrial investments, medical industry investments, import and export of goods and technologies.

Jiangsu Wanbang is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Fosun Pharma which is mainly engaged in the research and development, production and sales of drugs in the treatment fields of hyperglycemia, hypertension, hyperlipidemia, hyperuricemia, and tumors. Products of Wanbang Biopharma market cover the fields of active chemical ingredients and their preparations, biochemical and biological products, traditional Chinese medicine, etc.

Fosun Pharma is a joint stock company established in mainland China, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange of Hong Kong Limited (stock code: 02196) and the Shanghai Stock Exchange (stock code: 600196), respectively. Businesses directly operated by the Fosun Pharma include pharmaceutical manufacturing, medical devices and medical diagnosis and healthcare service. Fosun Pharma also has a presence in pharmaceutical commerce through its investment in Sinopharm Group Co. Ltd. With reference to the interim report of Fosun Pharma for the six months ended 30 June 2024, as at 30 June 2024, the pharmaceutical manufacturing segment of Fosun Pharma had a commercialisation team consisting of nearly 5,000 employees in mainland China, covering

hospitals, retail channels, etc. In terms of core departments such as hematology, lymphoma, breast, medical oncology, endocrinology, cardiology, rheumatology and nephrology, through the systematic market access team and special product team, Fosun Pharma explored the innovative product market in core therapeutic areas, and covered county-level and certain prefecture-level markets in mainland China through the broad market team. In addition, Fosun Pharma continuously expanded the sales channels of its pharmaceutical products by virtue of the cooperation and linkage with its associate Sinopharm Group Co. Ltd.

3. Reasons for and benefits of entering into of the HLX01 Agreement and the HLX03 Agreement

As the R&D of pharmaceutical products require significant capital investment, it is common practice in the pharmaceutical industry to share the risks and costs associated with the drug development process through cooperation. Following such industry practice, the Group has entered into the HLX01 Agreement and the HLX03 Agreement before its Listing. In addition, the Company has entered into several cooperation agreements with business partners, including Fosun Pharma and/or its associates and other independent third parties. The Company believes that such cooperation agreements (including the cooperation agreements with Fosun Pharma and/or its associates) are in the interest of the Company and its Shareholders as a whole.

To commercialise HANLIKANG in the PRC, on 18 September 2015 (as amended), the Company has entered into the HLX01 Agreement with Fosun Pharma Industrial Development, pursuant to which, among others, (i) the Company is responsible for the R&D, regulatory submission, clinical trials as well as the manufacturing and supply of HANLIKANG in the PRC; (ii) Fosun Pharma Industrial Development has the exclusive right to promote and commercialise HANLIKANG in the PRC; and (iii) Fosun Pharma Industrial Development will fully reimburse the Group's clinical trial expenditure incurred for HANLIKANG following the execution of the HLX01 Agreement.

In addition, to commercialise HANDAYUAN in the PRC, on 18 September 2017, the Company has entered into the HLX03 Agreement with Jiangsu Wanbang, pursuant to which, among others, (i) the Company is responsible for the R&D, regulatory submission, clinical trials as well as the manufacturing and supply of HANDAYUAN in the PRC; (ii) Jiangsu Wanbang has the exclusive right to promote and commercialise HANDAYUAN in the PRC; and (iii) Jiangsu Wanbang will fully reimburse the Group's clinical trial expenditure incurred for HANDAYUAN following the execution of the HLX03 Agreement.

Both Fosun Pharma Industrial Development and Jiangsu Wanbang are subsidiaries of Fosun Pharma. By entering into of the HLX01 Agreement and the HLX03 Agreement, the Group has been able to benefit and leverage from Fosun Pharma's foundation, accumulation and team allocation in the field of non-solid tumours and autoimmune diseases, as well as its extensive resources, established market access and nationwide sales and marketing network, thus rapidly commercialising HANLIKANG and HANDAYUAN on a large scale and further strengthening the Group's commercial operations before and after its Listing. On the other hand, according to the Company's own strategic plan, the Company focuses on the commercialisation of products in the field of solid tumours, such as HANQUYOU, HANSIZHUANG, and etc, and the Company is mainly responsible for the commercialisation of such products in Mainland China currently. Thus, it would be more efficient, effective and also in line with the Company's strategy for the Company to engage Fosun Pharma and/or its associates to commercialise HANLIKANG and HANDAYUAN.

In respect of the HLX01 Agreement and the HLX03 Agreement, the Company has applied for, and the Stock Exchange has granted (i) the Rule 14A.52 Waiver that the term of each of the HLX01 Agreement and the HLX03 Agreement can be of an unspecified term; and (ii) a waiver from strict compliance with the requirements under Rule 14A.53 of the Listing Rules such that the annual caps in relation to continuing connected transactions under the HLX01 Agreement and the HLX03 Agreement for the three years ending 31 December 2024 could be determined by reference to formulas in accordance with the terms as set out in the relevant agreements. One condition for granting the Rule 14A.52 Waiver is that the Company will need to re-comply with the applicable requirements for setting the annual caps for the transactions under the HLX01 Agreement and HLX03 Agreement before the expiry of the term of three years ending 31 December 2024. In view of this and in order to facilitate the continued cooperation with Fosun Pharma Industrial Development and Jiangsu Wanbang in respect of the commercialisation of HANLIKANG and HANDAYUAN in the PRC, the Company proposes to set the annual caps for the transactions under the HLX01 Agreement and HLX03 Agreement for the three years ending 31 December 2027 to re-comply with the applicable requirements under the Listing Rules.

Based on the above, we concur with the Directors that the entering into of the HLX01 Agreement, the HLX03 Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the HLX01 Agreement and the HLX03 Agreement

For details of the terms of the HLX01 Agreement and the HLX03 Agreement, please refer to the section headed "COLLABORATION ARRANGEMENTS UNDER THE HLX01 AGREEMENT AND HLX03 AGREEMENT" in the Letter from the Board. Set out below are the principal terms of the HLX01 Agreement and the HLX03 Agreement.

(i) Principal terms

Pursuant to the terms of the HLX01 Agreement and HLX03 Agreement, the Company has agreed to (a) be responsible for the R&D, regulatory submission, clinical trials as well as the manufacturing and supply of HANLIKANG and HANDAYUAN in the PRC; and (b) grant an exclusive license to Fosun Pharma Industrial Development and/or its associates to promote and commercialise HANLIKANG and grant an exclusive license to Jiangsu Wanbang and/or its associates to promote and commercialise HANDAYUAN in the PRC. The Company had also agreed with Fosun Pharma Industrial Development and Jiangsu Wanbang respectively to share the net profit (as defined in the HLX01 Agreement and HLX03 Agreement) derived from the sales of HANLIKANG and HANDAYUAN by Fosun Pharma and/or its associates in the PRC.

The HLX01 Agreement and HLX03 Agreement became effective on the date of signing, and will continue until terminated in accordance with its terms.

The HLX01 Agreement and HLX03 Agreement may be terminated if (a) any party materially breaches the terms of the HLX01 Agreement and HLX03 Agreement and such breach cannot be cured within 90 days by the breaching party upon receiving notice from the non-breaching party, or (b) any party is under liquidation, whether voluntary or otherwise, or enters into any agreements with its creditors which may be detrimental to the performance of the obligations under the HLX01 Agreement and HLX03 Agreement. In addition, if there is a change of control of Fosun Pharma Industrial Development or Jiangsu Wanbang, Fosun Pharma Industrial Development or Jiangsu Wanbang and the Company should negotiate in good faith for continuing to carry out the cooperation arrangement under the HLX01 Agreement and HLX03 Agreement, failing which, the Company may terminate the HLX01 Agreement and HLX03 Agreement. Accordingly, the term of the HLX01 Agreement and HLX03 Agreement will continue until it is terminated in accordance with its terms.

(ii) Pricing policies

Pursuant to the terms of the HLX01 Agreement and HLX03 Agreement, the Company has set the payment for (a) the supplying of products by the Group and (b) the sharing of net profits under the relevant cooperation agreements as formulas below.

The payment to be received from Fosun Pharma and/or its associates for the supplying of the relevant products by the Company pursuant to the HLX01 Agreement and the HLX03 Agreement will be determined in accordance with the following formula:

Payment to be received = (1+10%) x cost incurred by the Company for the manufacturing of the relevant products delivered to Fosun Pharma and/or its associates

The payment to be received from Fosun Pharma and/or its associates for the sharing of net profits pursuant to the HLX01 Agreement and the HLX03 Agreement will be determined in accordance with the following formula:

Payment to be received = 50% x net profit of relevant products, where "net profit" refers to the revenue received by Fosun Pharma Industrial Development or Jiangsu Wanbang (as the case may be) from the sale of the relevant products, after deducting (a) marketing and selling expenses determined in accordance with the terms of the relevant agreement and (b) the cost incurred by the Company for manufacturing of the relevant products (plus a 10% margin).

We have reviewed the HLX01 Agreement and the HLX03 Agreement and have discussed with the management of the Group on the major terms therein. As disclosed in the Letter from the Board, the supply of products to Fosun Pharma and/or its associates is an integral part of the collaboration arrangements with Fosun Pharma and/or its associates and is consistent with the practice between the Company and its other independent business partners. Overall, the arrangements and the aforementioned two formulas under the HLX01 Agreement and the HLX03 Agreement are in line with the industry practice.

We understood from the Company that there are several cases of pharmaceutical companies in the market having similar pricing policies as those under the HLX01 Agreement and the HLX03 Agreement. For instance, Xbrane Biopharma AB and STADA Arzneimittel AG have entered into a co-development agreement on 12 July 2018, pursuant to which both parties have agreed to equally contribute to development expenses and share profits from commercialisation in a 50/50 split (source: https://xbrane.com/en/mfn_news/xbrane-and-stada-enter-into-a-co-development-agreement-for-xlucane/). Biocon Ltd, an Asia's premier biopharmaceuticals company, and Sandoz, a Novartis division and a global leader in biosimilars, have entered into a global partnership agreement on 18 January 2018, pursuant to which both parties have agreed to develop, manufacture and commercialize multiple biosimilars in immunology and oncology for patients worldwide and have a cost and profit share arrangement globally with specific cost and profit sharing ratio undisclosed (source: https://www.biocon.com/biocon-announces-exclusive-global-collaboration-with-sandoz-on-next-generation-biosimilars/). Besides, for the Company itself, we were advised that on 4 January 2021 and 27 October 2023, it also entered into licensing agreements with Intas Pharmaceuticals Ltd. ("**Intas**"), an independent third party and one of the leading multinational pharmaceutical formulation development, manufacturing and marketing companies in the world, to develop, manufacture and commercialise the Company's licensed products in certain territories and royalties of which are profit based. Based on our independent research and review of the announcements published by the Company dated 4 January 2021 and 27 October 2023, we noted that (i) the information we found in public domain is consistent to our understanding from the Company; and (ii) the royalties of the two licensing agreements entered between the Company and Intas range from 15% to 50% based on the net profits of the Company's licensed products. In other words, the profit sharing ratios between the Company and Intas were in the range of 15% to 50%. Accordingly, we concur with the management of the Group that the cost and profit sharing arrangements under the HLX01 Agreement and the HLX03 Agreement are in line with the industry practice, and the Group's profit-sharing arrangement of 50% is considered to be reasonable.

Furthermore, we have performed independent research to identify comparable transactions involving similar commercialisation cooperation arrangement announced by the pharmaceutical companies listed on the Stock Exchange during the period from 1 January 2020 to 15 October 2024 (being approximately five years). We have identified, on a best effort basis, an exhaustive list of five transactions (the "**Comparable Transactions**"). The details of the Comparable Transactions are set out below:

Date of announcement	Company name (stock code)	Nature of the transaction	Pricing policies
13 July 2021	HUTCHMED (China) Limited (13.HK)	The company is responsible for the clinical development, marketing authorisation, manufacturing and supply of a product while the counterparty is responsible for its commercialisation	Fixed royalties of 30% of sales
15 July 2021	Kintor Pharmaceutical Limited (9939.HK)	The exclusive rights of registration and commercialisation of a product	Upfront and milestone payments up to RMB560 million and royalty payments of not less than 50% of the total operating profit
17 September 2021	Everest Medicines Limited (1952.HK)	The exclusive, sublicensable license to develop, manufacture and commercialise the licensed products	License fees of US$561 million in aggregate and royalties (i) up to US$180 million in aggregate for annual net sales of a licensed product up to US$2 billion; and (ii) at a rate of 12% for the portion of aggregate annual net sales of a licensed product greater than US$2 billion
21 June 2022	China NT Pharma Group Company Limited (1011.HK)	The exclusive and perpetual license to commercialise the technology of a product	License fees of US$24 million and annual royalties of 10% of the revenue incurred from sale of the product

Date of announcement	Company name (stock code)	Nature of the transaction	Pricing policies
27 December 2022	Shanghai Junshi Biosciences Co., Ltd. (1877.HK)	The exclusive license to develop and commercialise a product	Payments of up to an aggregate of US$12 million and high-teen tiered royalties of up to 20% of net sales

As shown in the table above, it is a common industry practice for the pharmaceutical companies to enter into commercialisation and/or cooperation agreements in respect of the development, manufacture and commercialisation of certain pharmaceutical products and to receive or pay license fees and royalties based on sales or profits generated from the pharmaceutical products. We noted that there is one Comparable Transaction whose royalties are determined as a percentage of profit and its rate of not less than 50% is similar to the Group's profit-sharing arrangement under the HLX01 Agreement and the HLX03 Agreement.

Since there is only one Comparable Transaction whose royalties are determined as a percentage of profit, and all of the Comparable Transactions do not disclose information about the payments of costs for the manufacturing of pharmaceutical products, we do not have direct reference for comparison purpose in assessing the fairness and reasonableness of the Group's cost-payment arrangement under the HLX01 Agreement and the HLX03 Agreement. Alternatively, we have compared the proportions of the sales revenue (including revenue from supply of products and sharing of net profits) received by the Group under the HLX01 Agreement and the HLX03 Agreement in terms of total revenue of HANLIKANG and HANDAYUAN generated by Fosun Pharma and/or its associates, respectively, with the royalties in the Comparable Transactions. As discussed in the section headed "5. Assessment of the proposed annual caps" below, we have reviewed (i) the proportions of the sales revenue (including revenue from supply of products and sharing of net profits) received by the Group under the HLX01 Agreement in terms of total revenue of HANLIKANG generated by Fosun Pharma and/or its associates in 2022 and 2023; and (ii) the proportions of the sales revenue (including revenue from supply of products and sharing of net profits) received by the Group under the HLX03 Agreement in terms of total revenue of HANDAYUAN generated by Fosun Pharma and/or its associates in 2022 and 2023. As shown in the table above, the royalties as a percentage of the relevant revenue of the Comparable Transactions are in the range of 10% to 30%. Based on our review, the proportions of sales revenue (including revenue from supply of products and sharing of net profits) received by the Group under the HLX01 Agreement and the HLX03 Agreement are close to the high end of the Comparable Transactions.

Taking into account that (i) both of Fosun Pharma Industrial Development and Jiangsu Wanbang have made milestone payments and fully reimbursed the Group's clinical trial expenditure incurred for HANLIKANG and HANDAYUAN following the execution of the HLX01 Agreement and the HLX03 Agreement, which showed their continual support on the Group's business since an early stage; (ii) the reasons for and benefits of entering into of the HLX01 Agreement and the HLX03 Agreement as discussed above, in particular to leverage the

resources and established capabilities of Fosun Pharma; and (iii) the pricing policies under the HLX01 Agreement and the HLX03 Agreement are similar to those under the Comparable Transactions, we consider that the terms of the HLX01 Agreement and the HLX03 Agreement are on normal commercial terms which are fair and reasonable.

5. Assessment of the proposed annual caps

The sales revenue (including revenue from supply of products and sharing of net profits) to be received by the Group from Fosun Pharma and/or its associates regarding the sales of HANLIKANG and HANDAYUAN under the HLX01 Agreement and the HLX03 Agreement are subject to the following annual caps:

(RMB million)	**For the year ending 31 December**		
	2025	**2026**	**2027**
HLX01 Agreement	592	682	752
HLX03 Agreement	75	90	105

In assessing the reasonableness of the proposed annual caps under the HLX01 Agreement and the HLX03 Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed annual caps, they have taken into account, among others, (i) considering the sales volume data from the IQVIA CHPA database (IQVIA is a global provider of professional information and strategic consulting services in the pharmaceutical and health industry), which shows that the sales volumes of rituximab and adalimumab in the Chinese domestic market for the first half of 2024 have increased by approximately 26% and 16% respectively compared to the same period in the previous year, and taking into account the current market situation of HANLIKANG and HANDAYUAN, the expected growth of the related products and Fosun Pharma and/or its associates' anticipated demand for these related products; (ii) the historical transaction amounts (including revenue from supply of products and sharing of net profits) from the sales revenue of relevant products under the HLX01 Agreement and the HLX03 Agreement; and (iii) the historical revenue generated by Fosun Pharma and/or its associates from the sales of HANLIKANG and HANDAYUAN.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations. The proposed annual caps are determined based on (i) the expected unit price of HANLIKANG and HANDAYUAN for the three years ending 31 December 2027 based on both parties' understanding on the latest market of HANLIKANG and HANDAYUAN and pharmaceutical environment in the PRC; (ii) the upper limit estimation on the growth rate of sales volume of HANLIKANG and HANDAYUAN to be sold by Fosun Pharma and/or its associates for the three years ending 31 December 2027 having taken into account of the current market situation of both products from the IQVIA CHPA database; and (iii) a constant proportion of the sales revenue (including revenue from supply of products and sharing of net profits) to be received by the Group under the HLX01 Agreement and the HLX03 Agreement in terms of the expected total sales revenue of HANLIKANG and HANDAYUAN to be generated by Fosun Pharma and/or its associates, respectively. The details are as follows:

(i) HANLIKANG

(a) Estimation on the unit price

As advised by the management of the Group, the unit price of HANLIKANG for the three years ending 31 December 2027 is estimated based on both parties' understanding on the latest market of HANLIKANG and pharmaceutical environment in the PRC, which we considered to be fair and reasonable as it is generally in line with its historical average unit price for the two years ended 31 December 2023.

(b) The upper limit estimation on the growth rate of sales volume

We understood from the Company that the upper limit estimation on the expected annual growth rate of sales volume of HANLIKANG is in the range of 10% to 25% for the three years ending 31 December 2027 which was projected based on the rituximab injection sales volume data from the IQVIA CHPA database. In this regard, we have performed market research on rituximab injection in the PRC. According to the latest date from the China Hospital Pharmaceutical Audit (CHPA) of IQVIA, the sales volume of rituximab injection in the PRC has increased from approximately 0.9 million units (per 100 mg) in 2018 to approximately 2.2 million units (per 100 mg) in 2023, representing a cumulative annual growth rate ("**CAGR**") of approximately 19.4% during the period. For the first half of 2024, the sales volume of rituximab injection in the PRC amounted to approximately 1.3 million units (per 100 mg), representing an increase of approximately 25.5% as compared to the corresponding period in 2023. Established in 1982, IQVIA is a leading global provider of advanced analytics, technology solutions, and clinical research services to the life sciences industry in more than 100 countries. IQVIA CHPA data represents the drug sales market of hospitals with more than 100 beds in the PRC while the actual sales of different drugs may vary from the IQVIA CHPA data to varying degrees due to their different sales distribution channels. Based on the above, we consider the upper limit estimation on the growth rate of sales volume of HANLIKANG to be sold by Fosun Pharma and/or its associates for the three years ending 31 December 2027 to be fair and reasonable.

(c) Estimation on the constant revenue proportion

As advised by the management of the Group, the sales revenue (including revenue from supply of products and sharing of net profits) received by the Group from Fosun Pharma and/or its associates from the sales of HANLIKANG pursuant to the HLX01 Agreement for the two years ended 31 December 2023 were approximately RMB544 million and RMB509 million, respectively. Based on our review of the historical proportions of the sales revenue (including revenue from supply of products and sharing of net profits) received by the Group under the HLX01 Agreement in terms of total revenue of HANLIKANG generated by Fosun Pharma and/or its associates in 2022 and 2023, we noted that the constant revenue proportion adopted in determining the proposed annual caps for the three years ending 31 December 2027 is generally in line with the aforesaid historical trend and thus fair and reasonable.

(ii) HANDAYUAN

(a) Estimation on the unit price

As advised by the management of the Group, the unit price of HANDAYUAN for the three years ending 31 December 2027 is also estimated based on both parties' understanding on the latest market of HANDAYUAN and pharmaceutical environment in the PRC, which we considered to be fair and reasonable as it is generally in line with its historical average unit price for the two years ended 31 December 2023.

(b) The upper limit estimation on the growth rate of sales volume

We understood from the Company that the upper limit estimation on the expected annual growth rate of sales volume of HANDAYUAN is in the range of 10% to 20% for the three years ending 31 December 2027 which was projected based on the adalimumab injection sales volume data from the IQVIA CHPA database. In this regard, we have performed market research on adalimumab injection in the PRC. According to the latest date from the China Hospital Pharmaceutical Audit (CHPA) of IQVIA, the sales volume of adalimumab injection in the PRC has increased from approximately 0.2 million units (per 40 mg) in 2020 to approximately 0.8 million units (per 40 mg) in 2023, representing a CAGR of approximately 69.8% during the period. For the first half of 2024, the sales volume of adalimumab injection in the PRC amounted to approximately 0.5 million units (per 40 mg), representing an increase of approximately 15.8% as compared to the corresponding period in 2023. As discussed above, the time period for reviewing the data from IQVIA CHPA of rituximab injection is 2018 to 2023 while the time period for reviewing the data from IQVIA CHPA of adalimumab injection is 2020 to 2023. The difference in the reviewed time period is primarily attributable to that the Group's HANLIKANG (rituximab injection, HLX01) was approved for marketing in early 2019 in mainland China and HANDAYUAN (adalimumab injection, HLX03) was approved for marketing in late 2020 in mainland China. The reviewed time periods were selected based on the time close to the launch of the Company's products. Based on the above, we consider the upper limit estimation on the growth rate of sales volume of HANDAYUAN to be sold by Fosun Pharma and/or its associates for the three years ending 31 December 2027 to be fair and reasonable.

(c) Estimation on the constant revenue proportion

As advised by the management of the Group, the sales revenue (including revenue from supply of products and sharing of net profits) received by the Group from Fosun Pharma and/or its associates from the sales of HANDAYUAN pursuant to the HLX03 Agreement for the two years ended 31 December 2023 were approximately RMB51 million and RMB58 million, respectively. Based on our review of the historical proportions of the sales revenue (including revenue from supply of products and sharing of net profits) received by the Group under the HLX03 Agreement in terms of total revenue of HANDAYUAN generated by Fosun Pharma and/or its associates in 2022 and 2023, we noted that the constant revenue proportion adopted in determining the proposed annual caps for the three years ending 31 December 2027 is generally in line with the aforesaid historical trend and thus fair and reasonable.

Generally speaking, in our opinion, it is in the interests of the Group and the Independent Shareholders to determine the proposed annual caps in a way that can accommodate the potential growth of the Group's business. Provided that the terms of the HLX01 Agreement and the HLX03 Agreement are fair and reasonable and the transactions contemplated under the HLX01 Agreement and the HLX03 Agreement are subject to annual review by the independent non-executive Directors and auditors of the Company (as discussed below) as required under the Listing Rules, the Group would have desirable flexibility in conducting its businesses if the proposed annual caps are tailored to the estimated demands from Fosun Pharma and/or its associates, in particular that the sales revenue could increase the revenue of the Group and therefore support its future business growth and development.

Having considered all the above factors, in particular (i) that the proposed annual caps which have been arrived at after discussion between the Group and Fosun Pharma and/or its associates have considered the expected sale volume of HANLIKANG and HANDAYUAN as well as the estimated average unit price of the products; and (ii) the flexibility to be applied to cater for the expected demand of Fosun Pharma and/or its associates on HANLIKANG and HANDAYUAN from time to time, we consider the proposed annual caps under the HLX01 Agreement and the HLX03 Agreement for the three years ending 31 December 2027 to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

6. Internal control procedures

The Company has formulated internal control measures and procedures to manage the continuing connected transactions and annual caps under the HLX01 Agreement and the HLX03 Agreement, the details of which are set out as follow:

(i) the relevant business department of the Company will conduct regular checks on a monthly basis to review and assess the sales of the relevant products and that the transactions under the HLX01 Agreement and the HLX03 Agreement are conducted in accordance with the terms of relevant agreements;

(ii) the Group has approved internal guidelines that additional reports and approvals are required for transactions exceeding the proposed annual caps (if applicable) to ensure that the Company will comply with the application requirements under Chapter 14A of the Listing Rules;

(iii) the Company will obtain and review the monthly sales management reports of the relevant products provided by Fosun Pharma and/or its associates, and conduct online and offline communications with the Fosun Pharma and/or its associates to ensure the accuracy of the net profit of the relevant products (including their revenues and expenses);

(iv) the Company will regularly review and collect the relevant transaction rates of similar products in the market or offered by independent third parties each year to ensure the payments to be received (including revenue from supply of products and sharing of net profits) will be at rates no less favourable than terms offered by independent third parties;

(v) the finance department reports actual transaction amounts to the relevant business department and board secretary office on a monthly basis, and the risk of exceeding the relevant abovementioned annual caps will be evaluated each month based on such actual transaction amounts. If the estimated annual transaction amounts which are calculated based on the historical transaction amounts and the estimated transaction amounts for the remaining months of the same year under the HLX01 Agreement and the HLX03 Agreement are expected to exceed the relevant abovementioned annual caps, the relevant business department will liaise with the finance department and board secretary office in advance to initiate an approval application process in relation to the revision of annual caps in order to comply with all applicable requirements under the Group's internal control policy as well as under the Listing Rules; and

(vi) the independent non-executive Directors and auditors of the Company will conduct annual review on the actual execution of the transactions contemplated under the HLX01 Agreement and the HLX03 Agreement and provide annual confirmations in accordance with the Listing Rules.

In assessing whether the above internal control measures are put in place and effectively implemented, we have obtained and reviewed the aforesaid internal guidelines and monthly sales management reports of the relevant products under the HLX01 Agreement and the HLX03 Agreement. Based on our review, we noted that the actual transaction amounts and execution of net profits sharing under the HLX01 Agreement and the HLX03 Agreement were properly monitored by the Group. As such, we are of the view that the above internal control measure adopted by the Group for monitoring the transactions contemplated under the HLX01 Agreement and the HLX03 Agreement are effectively implemented.

Having considered the above, in particular (i) the relevant transaction rates of similar products in the market or offered by independent third parties will be regularly reviewed and collected by the Company to ensure the payments to be received (including revenue from supply of products and sharing of net profits) will be at rates no less favourable than terms offered by independent third parties; (ii) the ongoing monitoring of the transactions under the HLX01 Agreement and the HLX03 Agreement; and (iii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the HLX01 Agreement and the HLX03 Agreement as discussed below, we are of the view that the Company's internal control procedures on the HLX01 Agreement and the HLX03 Agreement are fair and reasonable.

7. Reporting requirements and conditions of the continuing connected transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the transactions contemplated under the HLX01 Agreement and the HLX03 Agreement (the "**Transactions**") are subject to the following annual review requirements:

(i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:

  (a) in the ordinary and usual course of business of the Group;

  (b) on normal commercial terms or better; and

  (c) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(ii) the Company must engage its auditors to report on the Transactions every year. The Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Transactions:

  (a) have not been approved by the Board;

  (b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transaction involves the provision of goods or services by the Group;

  (c) were not entered into, in all material respects, in accordance with the relevant agreements governing the Transactions; and

  (d) have exceeded the relevant proposed annual caps;

(iii) the Company must allow, and ensure that the counter-parties to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and

(iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the relevant proposed annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the relevant proposed annual caps not being exceeded, we are of the view that appropriate measures are in place to monitor the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that (i) the entering into of the HLX01 Agreement and the HLX03 Agreement are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the HLX01 Agreement and the HLX03 Agreement (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM to approve the HLX01 Agreement and the HLX03 Agreement (including the proposed annual caps).

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over ten years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular for which Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, none of the Directors/Supervisors and chief executives of the Company has short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO). The interest or long positions of Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise should be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 of the Hong Kong Listing Rules were as follows:

Interest in shares of the Company

Name	Nature of interest and capacity	Class	Number of shares	Approximate percentage in relevant class of shares	Approximate percentage in total shares
Jun Zhu[(1)]	Interest in controlled entity	H Shares	50,000	0.03%	0.01%

Interest in shares of the associated corporation of the Company

Name	Name of Associated Corporation	Number of shares	Class	Nature of interest and capacity	Approximate percentage in relevant class of shares
Wenjie Zhang[(2)]	Fosun International	200,000	Share option	Beneficial owner	0.00%

Name	Name of Associated Corporation	Number of shares	Class	Nature of interest and capacity	Approximate percentage in relevant class of shares
Qiyu Chen	Fosun International	17,930,400	Ordinary shares	Beneficial owner	0.22%
	Fosun International	18,450,000	Share option	Beneficial owner	0.23%
	Fosun Pharma	114,075	A shares	Beneficial owner	0.01%
	Fosun Tourism Group	501,478	Ordinary shares	Beneficial owner	0.04%
Yifang Wu	Fosun Pharma	373,000	H shares	Beneficial owner	0.07%
	Fosun Pharma	922,224	A shares	Beneficial owner	0.04%
	Fosun International	360,000	Ordinary Shares	Beneficial owner	0.00%
	Fosun International	400,000	Share Option	Beneficial owner	0.00%
Xiaohui Guan	Fosun International	200,000	Ordinary shares	Beneficial owner	0.00%
	Fosun International	1,200,000	Share option	Beneficial owner	0.01%
	Fosun Pharma	331,357	A shares	Beneficial owner	0.02%
	Fosun Pharma	25,000	H shares	Beneficial owner	0.00%
Deyong Wen	Fosun Pharma	145,357	A shares	Beneficial owner	0.01%
	Fosun Pharma	20,000	H shares	Beneficial owner	0.00%
Rongli Feng	Fosun Pharma	82,645	A shares	Beneficial owner	0.00%
Deli Kong	Fosun Pharma	21,029	A shares	Beneficial owner	0.00%

Interest in debentures of the associated corporation of the Company

Name	Name of Associated Corporation	Nature of interest and capacity	Class	Details of debentures	Amount of debentures
Yifang Wu	Fortune Star (BVI) Limited	Beneficial owner	Debentures	Principal amount of USD700,000,000 due on 29 October 2025	USD36,440
		Beneficial owner	Debentures	Principal amount of USD500,000,000 due on 18 May 2026	USD36,440

Notes:

(1) As at the Latest Practicable Date, Dr. Jun Zhu wholly owned Dr. JZ Limited. Dr. Jun Zhu was deemed to be interested in the H shares which Dr. JZ Limited was interested in. As at the Latest Practicable Date, Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership)* (上海果運生物技術合夥企業(有限合夥), "**Shanghai Guoyun**") directly held approximately 0.99% of the shares in the Company and Dr. Jun Zhu held approximately 3.09% of the shares in Shanghai Guoyun.

(2) As at the Latest Practicable Date, HenLink, Inc. ("**HenLink**") held directly approximately 2.92% of the shares in the Company, and Mr. Wenjie Zhang held approximately 8.93% of the shares in HenLink.

Save as disclosed in the foregoing, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executive of the Company or their respective close associates had any interests or short/long positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

As at the Latest Practicable Date, so far as the Directors were aware:

(a) 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 International and/or their subsidiaries, which indirectly owned as to 59.56% of the total Shares as at the Latest Practicable Date and is deemed to be interested in such Shares under the provisions of Divisions 2 and 3 of Part XV of the SFO; and

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and Supervisors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

None of the Directors and Supervisors has an unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

4. INTERESTS IN THE ASSETS, CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interests in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2023, the date to which the latest published audited financial statements of the Company were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or Supervisors, and their respective close associates, is interested in any businesses apart from the Group's business which competes with or is likely to compete, either directly or indirectly, with the Group's business.

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading prospects of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up.

7. QUALIFICATION OF EXPERT AND CONSENT

The following is the qualification of the professional adviser who has given opinion or advice, which is contained in this circular:

Name	Qualification
Rainbow Capital (HK) Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Rainbow Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or opinions and/or the references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, (i) Rainbow Capital did not have any interest, either direct or indirect, in any assets which had been, since 31 December 2023, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group; and (ii) Rainbow Capital did not have any shareholding interests in any member of the Group and it did not have any right, whether legally enforceable or not, to subscribe for or nominate persons to subscribe for securities of any members of the Group.

8. MISCELLANEOUS

This circular has been prepared in both English and Chinese. In the event of inconsistency, the English version of this circular shall prevail over the Chinese version.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.henlius.com) for a period of 14 days from the date of this circular (both days inclusive):

(a) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set out on page 15 of this circular;

(b) the letter from Rainbow Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out on pages 16 to 33 of this circular;

(c) the written consent of the Independent Financial Adviser referred to in paragraph 7 of this Appendix;

(d) the HLX01 Agreement and HLX03 Agreement; and

(e) this circular.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Shanghai Henlius Biotech, Inc. (the "**Company**") will be held at Conference Room, 10th Floor, B8 Building, No. 188 Yizhou Road, Xuhui District, Shanghai, PRC on Monday, 23 December 2024 at 10:00 a.m. for the purposes of considering and, if thought fit, passing the following resolution. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 5 December 2024:

ORDINARY RESOLUTION

1. To consider and, if thought fit, approve the transactions contemplated under the HLX01 Agreement and HLX03 Agreement (including the annual caps thereto); and to authorise any Director to exercise all powers which they consider necessary and do such other acts and things and execute such other documents which in their opinion may be necessary or desirable to implement the transactions contemplated under the HLX01 Agreement and HLX03 Agreement.

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

Hong Kong, 5 December 2024

As at the date of this notice, the board of directors of the Company comprises Mr. Wenjie Zhang as the chairman and executive director, Dr. 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.

Notes:

(1) All resolutions at the EGM will be taken by poll pursuant to the articles of association of the Company and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (the "**Hong Kong Listing Rules**"). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Hong Kong Listing Rules.

(2) Any shareholder of the Company entitled to attend and vote at the EGM is entitled to appoint a proxy (or more than one proxy if he/she holds more than one share) to attend and on a poll, vote on his/her behalf. A proxy needs not be a shareholder of the Company. If more than one proxy is so appointed, the form of proxy shall specify the number of shares in respect of which each such proxy is so appointed. In case of a poll every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

(3) In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be delivered to at the Company's Board secretary office (for holders of unlisted shares), at 10F, Building B8, 188 Yizhou Road, Xuhui District, Shanghai, PRC or the Company's H share registrar in Hong Kong (for holders of H shares), Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for the EGM (i.e. not later than 10:00 a.m. on Sunday, 22 December 2024) or the adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

(4) In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the registers of members of the Company will be closed from Friday, 20 December 2024 to Monday, 23 December 2024 (both dates inclusive), during which period no transfer of shares of the Company will be effected. Shareholders whose names appear on the registers of members of the Company on Monday, 23 December 2024 shall be entitled to attend and vote at the EGM. In order to qualify for attending and voting at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by 4:30 p.m. on Thursday, 19 December 2024.

(5) Shareholders who attend the EGM in person or by proxy shall bear their own travelling and accommodation expenses.

(6) References to time and dates in this notice are to Beijing time and dates.