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**Shanghai Henlius Biotech, Inc.**

**上海復宏漢霖生物技術股份有限公司**

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 2696)**

## **CONTINUING CONNECTED TRANSACTIONS RENEWAL OF THE PROMOTIONAL SERVICES AGREEMENT**

### **RENEWAL OF THE PROMOTIONAL SERVICES AGREEMENT**

References are made to the announcements of the Company dated 31 December 2020, 30 November 2021, 30 June 2022 and 29 December 2023 (the “**Announcements**”) in relation to the continuing connected transactions under the Promotional Services Agreement of the Company. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, pursuant to the Promotional Services Agreement entered into on 24 August 2020 and as renewed by three supplemental agreements on 31 December 2020, 30 June 2022 and 29 December 2023, respectively, between Henlius Biopharmaceutical, a wholly-owned subsidiary of the Company, and Jiangsu Fosun, Henlius Biopharmaceutical agreed to authorise Jiangsu Fosun as the business cooperation partner to carry out promotional activities in the designated areas to the customers in respect of the Group’s HANQUYOU (trastuzumab injection) from 24 August 2020 to 31 December 2024.

As the term of the Promotional Services Agreement will expire on 31 December 2024, the Board announces that on 31 December 2024, Henlius Biopharmaceutical and Jiangsu Fosun entered into a new supplemental agreement for renewing the Promotional Services Agreement (“**Promotional Services Agreement (2024 Renewal)**”) to extend the term of the agreement for one year from 1 January 2025 to 31 December 2025, and adjust the applicable fee rates and designated areas thereunder.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Jiangsu Fosun is a wholly-owned subsidiary of Fosun Pharma (a controlling shareholder of the Company), therefore, Jiangsu Fosun is a connected person of the Company by virtue of being an associate of the Company’s controlling shareholder. Accordingly, the transactions under the Promotional Services Agreement (2024 Renewal) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual cap exceeds 0.1% but less than 5%, the transactions under the Promotional Services Agreement (2024 Renewal) are subject to reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## A. INTRODUCTION

References are made to the Announcements in relation to the continuing connected transactions under the Promotional Services Agreement of the Company. Pursuant to the Promotional Services Agreement entered into by Henlius Biopharmaceutical, a wholly-owned subsidiary of the Company, and Jiangsu Fosun on 24 August 2020, as renewed by three supplemental agreements on 31 December 2020, 30 June 2022 and 29 December 2023, respectively, Henlius Biopharmaceutical agreed to authorise Jiangsu Fosun as the business cooperation partner to carry out promotional activities in the designated areas to the customers in respect of the Group's HANQUYOU (trastuzumab injection) from 24 August 2020 to 31 December 2024.

As the term of the Promotional Services Agreement will expire on 31 December 2024, the Board announces that on 31 December 2024, Henlius Biopharmaceutical and Jiangsu Fosun entered into the Promotional Services Agreement (2024 Renewal) to extend the term of the agreement for one year from 1 January 2025 to 31 December 2025, and adjust the applicable fee rates and designated areas thereunder.

## B. PROMOTIONAL SERVICES AGREEMENT (2024 RENEWAL)

The major terms of the Promotional Services Agreement (2024 Renewal) are set out below:

### (a) Subject Matter

Pursuant to the Promotional Services Agreement (2024 Renewal), the Company agreed to authorise Jiangsu Fosun as the business cooperation partner to carry out promotional activities in the county-level markets of 21 Provinces and districts in mainland China (the "**Designated Areas**", as adjusted to remove Hunan), including Heilongjiang, Jilin, Liaoning, Inner Mongolia, Tianjin, Hebei, Shanxi, Fujian, Jiangxi, Hubei, Guangxi, Yunnan, Guizhou, Sichuan, Chongqing, Xizang, Shaanxi, Gansu, Ningxia, Qinghai and Xinjiang, to the targeted customers in respect of HANQUYOU (specification: 150mg/vial, 60mg/vial).

### (b) Basis of Consideration

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

Pursuant to the Promotional Services Agreement (2024 Renewal), the applicable fee rates from 1 January 2025 to 31 December 2025 will range from 25.0% to 32.0% based on the actual sales of HANQUYOU promoted by Jiangsu Fosun as agreed by the parties. Such fee rates are determined based on, among other things, the actual needs of the Group, the expected intensified market competition brought by more competing products' launch, the latest forecast of market conditions in the Designated Areas, market standards and mutual negotiation between the Group and Jiangsu Fosun.

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

The historical transaction amount (on a tax-exclusive basis) between the Group and Jiangsu Fosun under the Promotional Services Agreement for the years ended 31 December 2022, 2023 and the nine months ended 30 September 2024 were approximately RMB19,227,000 (audited), RMB30,753,000 (audited) and RMB21,219,000 (unaudited), respectively.

The maximum annual transaction amount (on a tax-exclusive basis) to be paid by the Group to Jiangsu Fosun under the Promotional Services Agreement (2024 Renewal) for the year ending 31 December 2025 will not exceed RMB40,000,000.

The annual cap was determined with reference to, among other things, (i) the estimated market demand of HANQUYOU in the Designated Areas, (ii) the upper limit estimation on annual sales of HANQUYOU promoted by Jiangsu Fosun for the year ending 31 December 2025, and (iii) the adjusted fee rates as set out above.

**C. REASONS FOR, AND BENEFITS OF, ENTERING INTO THE PROMOTIONAL SERVICES AGREEMENT (2024 RENEWAL)**

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

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

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

## **D. LISTING RULES IMPLICATIONS**

As at the date of this announcement, Jiangsu Fosun is a wholly-owned subsidiary of Fosun Pharma (a controlling shareholder of the Company), therefore, Jiangsu Fosun is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, the transactions under the Promotional Services Agreement (2024 Renewal) constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the annual cap exceeds 0.1% but less than 5%, the transactions under the Promotional Services Agreement (2024 Renewal) are subject to reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **E. INTERNAL CONTROL PROCEDURE**

The Company has formulated internal control measures and procedures to manage the continuing connected transactions and annual cap under the Promotional Services Agreement (2024 Renewal), the details of which are set out as follows:

- (i) the relevant business department of the Company will conduct regular checks to review and assess that the transactions under the Promotional Services Agreement (2024 Renewal) are conducted in accordance with the terms of relevant agreements;
- (ii) the Company has approved internal guidelines that additional reports and approvals are required for transactions exceeding the proposed annual cap (if applicable) to ensure that the Company will comply with the application requirements under Chapter 14A of the Listing Rules;
- (iii) the finance department reports actual transaction amounts to the relevant business department and board secretary office on a monthly basis. If the actual transaction amounts under the Promotional Services Agreement (2024 Renewal) are expected to exceed the annual cap, the relevant business department will liaise with the finance department and board secretary office to initiate an approval application process in order to comply with all applicable requirements under the Company's internal control policy as well as under the Listing Rules; and
- (iv) the independent non-executive Directors and auditors of the Company will conduct annual review on the actual execution of the transactions contemplated under the Promotional Services Agreement (2024 Renewal) and provide annual confirmations in accordance with the Listing Rules.

## **F. DIRECTORS' CONFIRMATION**

The Directors (including the independent non-executive Directors) are of the view that the terms of the Promotional Services Agreement (2024 Renewal) (including the annual cap thereunder) are fair and reasonable, and that the transactions contemplated under the above-mentioned agreement are in the ordinary and usual course of business of the Company, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, as each of Mr. Wenjie Zhang, Mr. Qiyu Chen, Mr. Yifang Wu, Ms. Xiaohui Guan, Mr. Deyong Wen and Dr. Xingli Wang holds various positions with Fosun International and/or its respective subsidiaries, each of them has abstained from voting on the Board resolutions approving the Promotional Services Agreement (2024 Renewal) (including the annual cap thereunder).

Save for the above, to the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no other Director has a material interest in the Promotional Services Agreement (2024 Renewal), and no other Director has abstained from voting on the relevant Board resolution approving the Promotional Services Agreement (2024 Renewal) (including the annual cap thereunder).

## **G. INFORMATION ON THE PARTIES**

### **(a) Jiangsu Fosun**

Jiangsu Fosun is a company established in the PRC and a wholly owned subsidiary of Fosun Pharma. Fosun Pharma is a joint stock company established in the PRC, the H shares and A shares of which are listed and traded on the Main Board of the Stock Exchange (stock code: 02196) and the Shanghai Stock Exchange (stock code: 600196), respectively. Jiangsu Fosun is principally engaged in the wholesale business of Chinese traditional medicines, chemical pharmaceutical preparations, chemical APIs, antibiotics, biochemical drugs and biological products; the sales of hygienic materials, daily necessities, glassware, prepacked and bulk food and healthy food; the sales of medical equipment; and the import and export of various commodities and techniques, etc.

### **(b) The Company**

The Company is a leading biopharmaceutical company in the PRC with the vision to offer high-quality, affordable and innovative drugs for patients worldwide. The H Shares of the Company have been listed on the Main Board of the Stock Exchange since September 2019.

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

Hong Kong, 31 December 2024

*As at the date of this announcement, 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.*