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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE COMPANY'S 2019 ANNUAL REPORT

Shanghai Henlius Biotech, Inc. (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the Company's prospectus dated 12 September 2019 (the “**Prospectus**”) and the Company's 2019 annual report published on 6 April 2020 (the “**2019 Annual Report**”). Unless otherwise stated, capitalised terms herein shall have the same meanings as those defined in the Prospectus.

THE USE OF PROCEEDS FROM THE GLOBAL OFFERING

As disclosed in the 2019 Annual Report, the net proceeds from the Global Offering (including the net proceeds from the partial exercise of the over-allotment option) was HK\$3,147.0 million (approximately RMB2,800.9 million). Set out below is additional information on the use of the proceeds from the Global Offering:

Intended use of proceeds as set out in the Prospectus	Allocation of net proceeds in the proportion as set out in the Prospectus ⁽⁴⁾	Amounts utilized during the period from the listing date on 25 September 2019 to 31 December 2019 (RMB million)	Amounts not yet utilized as at 31 December 2019 (RMB million)
(a) Fund the on-going clinical trials, regulatory filing and registration for Core Products ⁽¹⁾	approximately 40.0% (RMB1,120.4 million)	262.4	858.0
Fund the ongoing clinical trials, regulatory filing and registration for HLX02	approximately 6.0% (RMB168.1 million)	135.7	32.4

Intended use of proceeds as set out in the Prospectus	Allocation of net proceeds in the proportion as set out in the Prospectus ⁽⁴⁾	Amounts utilized during the period from the listing date on 25 September 2019 to 31 December 2019 (RMB million)	Amounts not yet utilized as at 31 December 2019 (RMB million)
Fund the ongoing clinical trials, regulatory filing and registration for HLX04 for the mCRC indication	approximately 8.0% (RMB224.1 million)	98.1	126.0
Develop immuno-oncology combination therapy comprised of HLX04 and HLX10 for the treatment of advanced solid tumours	approximately 26.0% (RMB728.2 million)	28.6	699.6
(b) Fund the ongoing clinical trials, regulatory filing and registration for other biosimilar candidates, including HLX12, HLX11 and HLX14 ⁽²⁾	approximately 15.0% (RMB420.1 million)	158.7	261.4
(c) Fund the ongoing clinical trials, regulatory filing and registration for bio-innovative drugs and the development of immuno-oncology combination therapy ⁽³⁾	approximately 35.0% (RMB980.3 million)	320.9	659.4
HLX06	approximately 0.2% (RMB5.6 million)	–	5.6
HLX07	approximately 4.3% (RMB120.4 million)	26.9	93.5
HLX20	approximately 0.2% (RMB5.6 million)	0.8	4.8
HLX10 and immuno-oncology combination therapies involving HLX10 (including HLX10+HLX07)	approximately 30.3% (RMB848.7 million)	293.2	555.5
(d) Working capital and general corporate purposes	approximately 10.0% (RMB280.1 million)	85.2	194.9
TOTAL	100% (RMB2,800.9 million)	827.2	1,973.7

Notes:

- (1) The use of proceeds to be applied to the research and development of the Core Products depends on the development progress of each Core Product. Please refer to the sections headed “Management Discussion and Analysis” and “Our Product Pipeline” in the 2019 Annual Report for further details. Please also refer to the announcement of the Company dated 14 August 2020 in respect of the NDA approval for HLX02 by the NMPA.
- (2) The use of proceeds to be applied to the research and development of the other biosimilar candidates depends on the development progress of each of these biosimilar candidates. Please refer to the sections headed “Management Discussion and Analysis” and “Our Product Pipeline” in the 2019 Annual Report for further details.
- (3) The use of proceeds to be applied to the research and development of the bio-innovative drugs and the development of immuno-oncology combination therapy depends on the development progress of each of these drugs and therapies. Please refer to the sections headed “Management Discussion and Analysis” and “Our Product Pipeline” in the 2019 Annual Report for further details.
- (4) The net proceeds figures have been translated to Renminbi for the allocation and the utilization calculation, and have been adjusted slightly due to the fluctuation of the foreign-currency exchange rates since the listing and proportionally in accordance with the Prospectus taking into account the final offer price of the Global Offering and the partial exercise of the over-allotment option.
- (5) The majority of the net proceeds from the Global Offering are allocated to fund ongoing clinical trials, regulatory filings and registrations of the Company’s drugs and therapies, the outcome and hence the timeframe, of which are not within the control of the Company. Please refer to the sections headed “Management Discussion and Analysis” and “Our Product Pipeline” in the 2019 Annual Report for further details.

FURTHER INFORMATION ON THE OTHER EXPENSES

Set out below is additional information in respect of the “Other expenses” line item in the Consolidated Statement of Profit or Loss for the year ended 31 December 2019 in the 2019 Annual Report:

Other Expenses

During the Reporting Period, the Group incurred other expenses of RMB36.6 million, representing an increase of RMB36.4 million from RMB0.2 million for the year ended 31 December 2018. Such other expenses comprised exchange loss of RMB32.3 million due to the fluctuation of the foreign-currency exchange rates and RMB4.3 million mainly related to donations to various charitable organisations. The Company experienced fluctuation of foreign-currency exchange rates in respect of the net proceeds from the Global Offering, which is denominated in Hong Kong dollars.

The additional information set out in this announcement does not affect the other information contained in the 2019 Annual Report which remains unchanged.

WARNING STATEMENT REQUIRED BY RULE 18A.05 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED: The Company may not be able to develop and ultimately commercialize the Group's Core Products successfully. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

On behalf of the Board
Shanghai Henlius Biotech, Inc.
Qiyu CHEN
Chairman

Hong Kong, 28 August 2020

As at the date of this announcement, the board of directors of the Company comprises Dr. Scott Shi-Kau Liu as the executive director, Mr. Qiyu Chen as the chairman and non-executive director, Mr. Yifang Wu, Ms. Xiaohui Guan, Dr. Aimin Hui and Mr. Zihou Yan as the non-executive directors, and Mr. Tak Young So, Dr. Lik Yuen Chan, Dr. Guoping Zhao and Dr. Ruilin Song as the independent non-executive directors.