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)

VOLUNTARY ANNOUNCEMENT

LICENSE AND CO-DEVELOPMENT AGREEMENT WITH BINACEA IN RESPECT OF HLX35

A. INTRODUCTION

The board of directors of Shanghai Henlius Biotech, Inc. (the "**Company**") is pleased to announce that on 25 November 2020, the Company entered into a license and co-development agreement (the "**Agreement**") with Binacea pharma Inc. ("**Binacea**"), pursuant to which, the Company agreed to, based on the relevant intellectual property rights, in respect of HLX35 (a bispecific antibody targeting EGFR and 4-1BB independently developed by the Company) (the "**Licensed Product**"), grant Binacea a license for it to research, develop, manufacture and commercialise the Licensed Product in all human treatment, prevention, cure or management of a disease or disorder associated with any indication (the "**Licensed Field**") globally except for Mainland China, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan region) (the "**Licensed Territory**").

B. PRINCIPAL TERMS OF THE AGREEMENT

Licence and Sub-Licence

The Company will, based on the relevant intellectual property rights, grant Binacea an exclusive license to research, develop, manufacture and commercialise the Licensed Product in the Licensed Field in the Licensed Territory. Binacea will have a right to sublicense the relevant intellectual property rights for its continuous development of the Licensed Product if HLX35 completes Phase 1 clinical trial in any of the United States, European Union or Japan, subject to such sub-licensee's consent to comply with the obligations of Binacea under the Agreement.

Development and Commercialization	The Company will be responsible for pre-clinical research of the Licensed Product. It is agreed that each of the Company and Binacea will bear 50% of the costs and expenses incurred in connection with pre-clinical research performed by the Company. Binacea will be responsible for clinical study, regulatory filings, manufacture and commercialisation of the HLX35 in the Licensed Field in the Licensed Territory. The Company and Binacea also agreed to co-develop additional early research products as agreed by the parties in writing.
Payments and Royalties	Binacea will pay the Company: (a) an initial payment of US$5 million in relation to HLX35; (b) regulatory milestone payments of no more than US$93 million in aggregate based on the various regulatory progress in the Licensed Territory; (c) commercial milestone payments of no more than US$670 million in aggregate based on annual net sales of the Licensed Product in the Licensed Territory; (d) the royalties of 8 – 10% of the net sales based on the level of net sales of the Licensed Product in the Licensed Territory.
Term	The Agreement is effective from date of the Agreement and will continue to be effective unless terminated in accordance with the terms of the Agreement. The Agreement may be terminated (a) by the non-defaulting party if a material breach on the part of a defaulting party, (b) by mutual agreement, (c) by the Company to Binacea if the Company believes that Binacea has suspended the development of the Licensed Product for 12 months; or (d) by either party if the other party goes into bankruptcy or insolvency.

C. INFORMATION ABOUT HLX35

HLX35 is a bispecific antibody targeting EGFR (epidermal cell growth factor receptor) and 4-1BB (being CD137, a member of the tumor necrosis factor receptor family) independently developed by the Company. According to the data from pre-clinical studies in animals, double anti-antibody drugs can effectively combine the advantages of the two targets. They can bind to the EGFR molecules on the tumor surface, block tumor signal transduction pathways, and kill tumor cells; at the same time, they can also bind the 4-1BB immune activation molecules on the surface of immune cells (T cells and NK cells), making more immune cells gather around the tumor and stimulating the activity of immune cells in the microenvironment, thereby synergistically killing tumor cells and improving the efficacy. HLX35 is intended to be widely used in the treatment of colorectal cancers, head and neck tumors and other solid tumors.

D. REASONS AND BENEFITS OF THE COOPERATIONS

The cooperation with Binacea will help promote the development and research progress of the Company's bispecific antibody products, and expand the accessibility and international influence of the Group's innovative products through joint development and rights licensing.

E. INFORMATION ABOUT BINACEA

Binacea is a limited company incorporated in the Cayman Islands in February 2020, the chairman of its board of directors is Mr. Weijun Feng. Binacea is principally engaged in the research, development and sales of bispecific antibody, multispecific antibody and fusion protein.

WARNING STATEMENT WITH REFERENCE TO RULE 18A.05 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED: Preclinical and clinical development of a drug involves a lengthy and inherently unpredictable process. The Company may not be able to develop and ultimately commercialize the Licensed Product 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, 25 November 2020

As at the date of this announcement, the board of directors of the Company comprises Mr. Wenjie Zhang 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.