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FOSUN PHARMA **复星医药**

上海復星醫藥(集團)股份有限公司

**Shanghai Fosun Pharmaceutical
(Group) Co., Ltd.***

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

(Stock Code: 02196)



Shanghai Henlius Biotech, Inc.

上海復宏漢霖生物技術股份有限公司

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

(Stock Code: 02696)

Shanghai Fosun New Medicine Research Company Limited*

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

JOINT ANNOUNCEMENT

- (1) PROPOSED PRE-CONDITIONAL PRIVATISATION
OF HENLIUS BY FOSUN NEW MEDICINE
BY WAY OF MERGER BY ABSORPTION OF HENLIUS**
- (2) PROPOSED WITHDRAWAL OF LISTING**
- (3) POSSIBLE DISCLOSEABLE TRANSACTION OF FOSUN PHARMA
AND**
- (4) RESUMPTION OF TRADING**



Lead Financial Adviser to the Offeror

FOSUN INTL CAPITAL

Joint Financial Adviser to the Offeror

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

**Independent Financial Adviser to
the Independent Board Committee**

SUMMARY

1. INTRODUCTION

The Offeror, Fosun Pharma and the Company are pleased to jointly announce that on 24 June 2024, the Offeror and the Company entered into the Merger Agreement pursuant to which the Offeror and the Company have agreed to implement the Merger subject to the terms and conditions of the Merger Agreement, including the Pre-Conditions and the Conditions. After completion of the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the terms of Merger Agreement, the PRC Company Law and other applicable PRC Laws.

2. PROPOSED TRANSACTION

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions and the Conditions, the Offeror will pay the Cancellation Price in the amount of:

- (a) HK\$24.60 per H Share to the H Shareholders (other than Fosun Industrial) for the cancellation of the H Shares; and
- (b) RMB22.444794 per Unlisted Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development), for the cancellation of the Unlisted Shares.

If, after the date of this joint announcement, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the gross amount or value of such dividend, distribution and/or, as the case may be, return of capital (before tax) after consultation with the Executive, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. As at the date of this joint announcement, the Company has not declared any dividend that has not been paid, and has no intention to declare, make or pay any dividend to the Shareholders between the date of this joint announcement and the date on which the Merger becomes effective pursuant to its terms, or lapses (as the case may be).

The Offeror reserves the right to introduce another manner to settle the Cancellation Price as follows:

The Offeror reserves its right to offer to all Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) an alternative to cash settlement (the “Potential Share Alternative Offer”) of the Cancellation Price, through which such Shareholders may acquire the Rollover Securities at an exchange ratio to be specified, provided that the total number of securities in the Company subject to the Potential Share Alternative Offer shall not exceed 8% of the total number of issued Shares in the Company as at the date of this joint announcement (i.e. 43,479,588 Shares) and in the event such Shareholders holding more than 8% of the Company’s issued Shares have indicated interest to take the Potential Share Alternative Offer, a proportional entitlement arrangement will be implemented, with the details of which to be announced by the Offeror in due course.

The Potential Share Alternative Offer is at the Offeror’s sole discretion and is subject to the pre-condition of receiving on or between the date of this joint announcement and 4:00 p.m. on 10 July 2024 duly signed and dated letters of interest from intending Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) holding, in aggregate, not less than 2% of the total number of issued Shares as at the date of this joint announcement (i.e. 10,869,898 Shares), expressing their indicative interest to elect Potential Share Alternative Offer. Should this pre-condition be met, and the Offeror exercises its discretion to make the Potential Share Alternative Offer, a new announcement under Rule 3.5 of the Takeovers Code will be made. Further details of the Potential Share Alternative Offer, if made by the Offeror, will be set out in the new announcement as referred to above.

For the avoidance of doubt, this represents the Offeror’s reservation of rights under Note 4 to Rule 18 of the Takeovers Code to introduce another form of consideration if the above pre-condition is met, and the Potential Share Alternative Offer may or may not be made.

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company from the Implementation Date and the Company will be eventually deregistered in the PRC.

The Offeror shall, as soon as possible and (other than settlement for HenLink) in any event no later than seven (7) business days after fulfilment (or waiver, if applicable) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), or as otherwise consented to by the Executive and announced by the Offeror and/or the Company, pay the Cancellation Price to all H Shareholders (other than Fosun Industrial) and all Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development), and issue its registered capital to Fosun Pharma Industrial Development and Fosun Industrial in consideration for the cancellation of the Unlisted Shares and H Shares respectively held by them (as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below). For HenLink, payment of the Cancellation Price shall be subject to completion of certain administrative procedures required under applicable PRC Laws (some of which requires cooperation and initiation on the part of HenLink) and may not be completed within seven (7) business days. As such, the Offeror will apply to the Executive for a waiver from strict compliance with Rule 20.1 of the Takeovers Code in connection with the requirement to settle the Cancellation Price for HenLink within the period as referred to above.

On the basis of (i) the Cancellation Price of HK\$24.60 per H Share and RMB22.444794 per Unlisted Share (equivalent to the Cancellation Price of HK\$24.60 per H Share based on the Exchange Rate), (ii) 163,428,541 H Shares and 380,066,312 Unlisted Shares in issue as at the date of this joint announcement, and (iii) that the Cancellation Price for the cancellation of 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial is to be satisfied by the issuance by the Offeror of its registered capital to them, the maximum amount of the aggregate Cancellation Price required to be paid by the Offeror to cancel, upon the fulfilment (or waiver, if applicable) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), (i) the H Shares held by the H Shareholders (other than Fosun Industrial), and (ii) the Unlisted Shares held by the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development) is HK\$3,224,997,048.60 and approximately RMB1,990,873,989.23, respectively. The Offeror intends to enter into rollover arrangements with certain Shareholders whom the Offeror considers to benefit the continued growth of the Offeror after completion of the Merger by virtue of their extensive business network and/or potential business opportunities, pursuant to which such Shareholders may, instead of receiving the Cancellation Price in cash (or participating in the Potential Share Alternative Offer, should the Offeror decide to proceed with the same), receive registered capital of the Offeror and/or the Rollover Entity (if the Potential Share Alternative Offer is proceeded with). Such rollover arrangements, if entered into, will constitute special deals under Rule 25 of the Takeovers Code and the relevant Shareholder will not be extended to all Shareholders and will therefore be considered to be acting in concert with the Offeror. Pursuant to Rule 25 of the Takeovers Code, such rollover arrangements will be subject to the granting of consent from the Executive conditional on (i) the Independent Financial Adviser to the Independent Board Committee confirming that such rollover arrangements are fair and reasonable so far as the Independent H Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the rollover arrangements. As at the date of this joint announcement, no such rollover arrangement has been entered into with any such Shareholder. The Offeror will make further announcement(s) upon entering into such rollover arrangement.

Lustrous Star Limited, which is indirectly wholly owned by Fosun Pharma, has undertaken with the Offeror to pay on its behalf the total Cancellation Price for the cancellation of the H Shares. The payment of the total Cancellation Price for the Merger will be financed by internal cash resources and/or external debt financing including loan facilities respectively entered into between the Offeror/Lustrous Star Limited (which is indirectly wholly owned by Fosun Pharma) and China Merchants Bank Co., Ltd. Shanghai Branch.

The Offeror has appointed CICC and Fosun International Capital as its joint financial advisers in respect of the Merger. CICC, being the lead financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the satisfaction of the Offeror's obligations in respect of the full implementation of the Merger in accordance with its terms.

After the date of this joint announcement and prior to the latest practicable date to be referred to in the Composite Document, Fosun Pharma reserves the right to have new investor(s) to subscribe for/acquire shares in the Offeror provided the Offeror remains to be owned by Fosun Pharma as to more than 75% after such change(s).

After payment of consideration is made to the Shareholders by or on behalf of the Offeror, all rights attaching to such Shares shall cease to have effect and the relevant Shares shall be cancelled (subject to the rights of the Dissenting Shareholders as described in the section headed "3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT — Rights of a Dissenting Shareholder*" in this joint announcement). The share certificates for the relevant Shares will cease to have effect as documents or evidence of title.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

3. PROPOSED WITHDRAWAL OF LISTING OF H SHARES

Upon satisfaction of the Pre-Conditions and all the Conditions to effectiveness, the Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in the H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason.

4. SHAREHOLDING IN THE COMPANY

As at the date of this joint announcement, the relevant securities of the Company in issue are 543,494,853 Shares, which comprise 163,428,541 H Shares and 380,066,312 Unlisted Shares.

As at the date of this joint announcement, the Offeror and the Offeror Concert Parties hold 354,523,431 Shares in the aggregate, representing approximately 65.23% of all issued Shares in the Company, in which, (i) the Offeror directly owns 265,971,569 Unlisted Shares, representing approximately 48.94% of all issued Shares in the Company, and (ii) the Offeror Concert Parties hold 88,551,862 Shares in aggregate, representing approximately 16.29% of all issued Shares in the Company, among which Fosun Pharma Industrial Development holds 25,393,818 Unlisted Shares (representing approximately 4.67% of all issued Shares in the Company), Fosun Industrial holds 32,331,100 H Shares (representing approximately 5.95% of all issued Shares in the Company), Wuxi Tongshan Investment Enterprise (Limited Partnership) (無錫市通善投資企業(有限合夥)) holds 4,666,667 Unlisted Shares (representing approximately 0.86% of all issued Shares in the Company), Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership) (上海果運生物技術合夥企業(有限合夥)) holds 5,356,950 Unlisted Shares (representing approximately 0.99% of all issued Shares in the Company), Shanghai Guohong Biotech Partnership Enterprise (Limited Partnership) (上海果宏生物技術合夥企業(有限合夥)) holds 1,114,295 Unlisted Shares (representing approximately 0.21% of all issued Shares in the Company), Shanghai Guoyou Biotech Partnership Enterprise (Limited Partnership) (上海果友生物技術合夥企業(有限合夥)) holds 508,235 Unlisted Shares (representing approximately 0.09% of all issued Shares in the Company), Shanghai Guozhi Biotech Partnership Enterprise (Limited Partnership) (上海果智生物技術合夥企業(有限合夥)) holds 109,006 Unlisted Shares (representing approximately 0.02% of all issued Shares in the Company), Rongtong Ronghai No.39 QDII SMA holds 3,145,097 H Shares (representing approximately 0.58% of all issued Shares in the Company), HenLink holds 15,876,694 Unlisted Shares (representing approximately 2.92% of all issued Shares in the Company), and Dr. JZ Limited holds 50,000 H Shares (representing approximately 0.01% of all issued Shares in the Company). Save as disclosed, none of the Offeror and the Offeror Concert Parties owns or has control or direction over any voting rights and rights over the Shares.

As at the date of this joint announcement, the Company does not have any outstanding options, warrants, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

5. DESPATCH OF THE COMPOSITE DOCUMENT

Subject to the fulfilment of the Pre-Conditions, the Company will convene the EGM and the H Shareholders' Class Meeting for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger.

The Composite Document containing, amongst others, (i) further details of the Merger and the Merger Agreement and other matters in relation to the Merger; (ii) a letter of advice issued by the Independent Financial Adviser to the Independent Board Committee; and (iii) recommendations and advice from the Independent Board Committee, together with a notice of the EGM, a notice of the H Shareholders' Class Meeting and proxy forms are expected to be despatched to the H Shareholders within seven (7) days after the satisfaction of the Pre-Conditions. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above, and an announcement will be made in due course as required under the Takeovers Code.

6. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board has established the Independent Board Committee, consisting of all of the independent non-executive Directors, being Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin. The Independent Board Committee will advise the Independent H Shareholders as to: (a) whether the terms of the Merger are fair and reasonable for the purpose of the Takeovers Code; and (b) whether to vote in favour of the Merger at the EGM and the H Shareholders' Class Meeting.

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Merger. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice of the Independent Financial Adviser to the Independent Board Committee in connection with the Merger will be included in the Composite Document to be despatched jointly by the Company and the Offeror.

7. POSSIBLE DISCLOSEABLE TRANSACTION OF FOSUN PHARMA

Should the Merger be proceeded with, as one or more of the applicable percentage ratios for Fosun Pharma in respect of the Merger is expected to exceed 5% but all such applicable percentage ratios are expected to be less than 25% for Fosun Pharma, implementation of the Merger will constitute a discloseable transaction for Fosun Pharma under the Listing Rules and is subject to announcement requirement but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

8. RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange was halted from 9:00 a.m. on 23 May 2024. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares from 9:00 a.m. on 25 June 2024.

The Pre-Conditions and the Conditions to effectiveness must be satisfied before the Merger Agreement becoming effective. The Merger Agreement becoming effective is therefore a possibility only. Further, Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the Conditions to implementation set out in this joint announcement being satisfied or waived, as applicable. Neither the Offeror nor the Company provides any assurance that any or all Pre-Conditions or Conditions can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company.

Persons who are in doubt as to the action to take and the implications arising from the Merger should consult their stockbroker, bank manager, solicitor or other professional advisers (including tax adviser regarding the tax consequences of the cancellation of the H Shares and the implementation of the Merger).

NOTICE TO U.S. HOLDERS OF SHARES

The Merger will involve the cancellation of the securities of a company incorporated in the PRC with limited liability by means of a merger by absorption provided for under the laws of the PRC. The Merger is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information with respect to the Company included in this joint announcement has been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of U.S. companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The receipt of cash as consideration for the cancellation of the Shares maybe a taxable transaction for U.S. federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each Shareholder is urged to consult his/her/its independent professional advisor immediately regarding the tax consequences of the implementation of the Merger.

U.S. holders of Shares may encounter difficulty enforcing their rights and any claim arising out of the U.S. federal securities laws, as the Offeror and the Company are located in a country outside the United States and some or all of their respective officers and directors maybe residents of a country other than the United States. U.S. holders of Shares may not be able to sue a non-U.S. company or its officers or directors in a non-U.S. court for violations of the U.S. securities laws. Further, U.S. holders of Shares may encounter difficulty compelling a non-U.S. company and its affiliates to subject themselves to a U.S. court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the U.S. Exchange Act, the Offeror hereby discloses that it or its affiliates, or its nominees, or their respective brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Merger, before or during the Offer

Period. In accordance with the Takeovers Code and Rule 14e-5(b) of the U.S. Exchange Act, CICC and its affiliates may continue to act as exempt principal traders in the Shares on the Stock Exchange. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices, provided that (i) any such purchase or arrangement complies with applicable law, including but not limited to the Takeovers Code, and is made outside the United States and (ii) the Cancellation Price is increased to match any consideration paid in any such purchase or arrangement. Any information about such purchases will be reported to the SFC in accordance with the requirements of the Takeovers Code and, to the extent made public by the SFC, will be available on the websites of the SFC at <http://www.sfc.hk> and the Stock Exchange at www.hkexnews.hk.

1. INTRODUCTION

The Offeror, Fosun Pharma and the Company are pleased to jointly announce that on 24 June 2024, the Offeror and the Company entered into the Merger Agreement pursuant to which the Offeror and the Company have agreed to implement the Merger subject to the terms and conditions of the Merger Agreement, including the Pre-Conditions and the Conditions. After completion of the Merger, the Company will be merged into and absorbed by the Offeror in accordance with the terms of Merger Agreement, the PRC Company Law and other applicable PRC Laws.

2. PROPOSED TRANSACTION

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions and the Conditions set out in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT*” below, the Offeror will pay the Cancellation Price in the amount of:

- (a) HK\$24.60 per H Share to the H Shareholders (other than Fosun Industrial) for the cancellation of the H Shares; and
- (b) RMB22.444794 per Unlisted Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development), for the cancellation of the Unlisted Shares.

The cancellation of the 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial is to be settled by the issuance by the Offeror of its registered capital to them upon completion of the Merger.

If, after the date of this joint announcement, any dividend and/or other distribution and/or other return of capital is announced, declared or paid in respect of the Shares, the Offeror reserves the right to reduce the Cancellation Price by all or any part of the gross amount or value of such dividend, distribution and/or, as the case may be, return of capital (before tax) after consultation with the Executive, in which case any reference in this joint announcement, the Composite Document or any other announcement or document to the Cancellation Price will be deemed to be a reference to the Cancellation Price as so reduced. As at the date of this joint announcement, the

Company has not declared any dividend that has not been paid, and has no intention to declare, make or pay any dividend to the Shareholders between the date of this joint announcement and the date on which the Merger becomes effective pursuant to its terms, or lapses (as the case may be).

The Offeror reserves the right to introduce another manner to settle the Cancellation Price as follows:

The Offeror reserves its right to offer to all Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) an alternative to cash settlement (the “Potential Share Alternative Offer”) of the Cancellation Price, through which such Shareholders may acquire Rollover Securities at an exchange ratio to be specified, provided that the total number of securities in the Company subject to the Potential Share Alternative Offer shall not exceed 8% of the total number of issued Shares in the Company as at the date of this joint announcement (i.e. 43,479,588 Shares) and in the event such Shareholders holding more than 8% of the Company’s issued Shares have indicated interest to take the Potential Share Alternative Offer, a proportional entitlement arrangement will be implemented, with the details of which to be announced by the Offeror in due course.

The Potential Share Alternative Offer is at the Offeror’s sole discretion and is subject to the pre-condition of receiving on or between the date of this joint announcement and 4:00 p.m. on 10 July 2024 duly signed and dated letters of interest from intending Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial) holding, in aggregate, not less than 2% of the total number of issued Shares as at the date of this joint announcement (i.e. 10,869,898 Shares), expressing their indicative interest to elect Potential Share Alternative Offer. Should this pre-condition be met, and the Offeror exercises its discretion to make the Potential Share Alternative Offer, a new announcement under Rule 3.5 of the Takeovers Code will be made. Further details of the Potential Share Alternative Offer, if made by the Offeror, will be set out in the new announcement as referred to above.

For the avoidance of doubt, this represents the Offeror’s reservation of rights under Note 4 to Rule 18 of the Takeovers Code to introduce another form of consideration if the above pre-condition is met, and the Potential Share Alternative Offer may or may not be made.

Duly signed and dated letters of interest to indicate interest to elect the Potential Share Alternative Offer shall be delivered to the following address and follow the instructions below:

Attention:	Investor Relations and Capital Development Department of Shanghai Fosun Pharmaceutical (Group) Co., Ltd.* (上海復星醫藥(集團)股份有限公司)
Quote subject:	Letter of interest in respect of Potential Share Alternative Offer

Address:	(1) 7th Floor, No. 1289 Yishan Road (Building A, Fosun Technology Park), Shanghai City, the PRC OR (2) 5/F Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong
Required Content:	Please duly sign and date your letter of interest which, in order to be valid, shall include (i) whether you hold H Shares or Unlisted Shares; (ii) number of Shares held by you; (iii) nature of your shareholding (i.e. whether as registered holder or (in the case of H Share Shareholders) through an exchange participant with Shares deposited in CCASS), together with evidence thereof and details of your relevant exchange participant(s) if applicable; and (iv) your reachable contact information
Latest date of delivery:	4:00 p.m. (Beijing time) on 10 July 2024; for the avoidance of doubt, letters of interest received by the Offeror after such time will not be taken into account

For the avoidance of doubt: (i) letters of interest that are not duly signed, dated, or missing any of the required contents specified above will not be taken into account by the Offeror; and (ii) should the Offeror decide to proceed with the Potential Share Alternative Offer, whether a Shareholder has, or has not, indicated his/her/its intention as per the above will not affect his/her/its right to choose or not choose to accept the Potential Share Alternative Offer.

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company (from the Implementation Date) and the Company will be eventually deregistered in the PRC.

The Cancellation Price will not be increased and the Offeror does not reserve the right to do so.

3. PRINCIPAL TERMS OF THE MERGER AGREEMENT

The principal terms and conditions of the Merger Agreement, on the basis that the Offeror does not make the Potential Share Alternative Offer as described above, are summarized as follows:

- Parties**
- (1) The Offeror; and
 - (2) the Company.

Overview of the Merger

Subject to the terms and conditions of the Merger Agreement, which will involve a cancellation of all the Shares and the subsequent absorption of the Company by the Offeror, the Merger will be implemented by the Offeror merging the Company by way of merger by absorption under PRC laws.

After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company from the Implementation Date and the Company will be eventually deregistered in the PRC.

Consideration

Pursuant to the Merger Agreement, conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation set out in the paragraphs headed “Pre-Conditions to the Merger Agreement becoming effective”, “Conditions to effectiveness” and “Conditions to implementation” below, the Offeror will pay (or procure the payment of) the Cancellation Price for the cancellation of the Shares in the amount of (a) HK\$24.60 per H Share to the H Shareholders (other than Fosun Industrial) for the cancellation of the H Shares, and (b) RMB22.444794 per Unlisted Share, which is equivalent to the Cancellation Price of each H Share based on the Exchange Rate, to the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development) for the cancellation of the Unlisted Shares. The cancellation of the 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial is to be settled by the issuance by the Offeror of its registered capital to them upon completion of the Merger.

Upon cancellation of the 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial, the Offeror will issue its registered capital to Fosun Pharma Industrial Development and Fosun Industrial on the basis of each RMB1.0 in the registered capital of the Offeror issued for the cancellation of each 4.289864016 Shares as held by them. Fosun Pharma Industrial Development has also subscribed for registered capital in the Offeror on the basis of each RMB1.0 in the registered capital of the Offeror issued for each 4.289864016 Shares cancelled for cash as held by Shareholders (other than the Offeror, Fosun Pharma Industrial Development and Fosun Industrial), which will be paid up by the financing principal amount, interest and transaction expenses to be borne by Fosun Pharma Industrial Development. Fosun Pharma Industrial Development and Fosun Industrial have on 24 June 2024 entered into an agreement with the Offeror with respect to the above arrangement.

**Pre-Conditions to the
Merger Agreement
becoming effective**

The Merger Agreement is subject to the satisfaction of the following pre-conditions, being the filing, registration or approval, as applicable, with or by (a) the National Development and Reform Commission of the PRC, (b) Ministry of Commerce of the PRC, (c) the State Administration of Foreign Exchange of the PRC, or their respective local authorities (as the case may be), and (d) the securities regulatory authorities and/or stock exchanges with relevant jurisdictions, and such other applicable governmental approvals in respect of the Merger having been obtained or completed (collectively, the “**Pre-Conditions**”). Save for the governmental approvals as mentioned in (a) to (d) above, the Offeror is not currently aware of any other applicable governmental approval which is required in respect of the Merger.

The above Pre-Conditions are not waivable. If the Pre-Conditions are not satisfied by the Long-stop Date, the Merger Agreement will not become effective and will be automatically terminated.

Upon fulfilment of the Pre-Conditions, the Offeror and the Company will post the Composite Document within seven (7) days thereof or (if applicable) prior to the date as required by the SFC in accordance with the Takeovers Code and the EGM and H Shareholders' Class Meeting will be convened pursuant to the respective notice to such meetings for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger.

Conditions to effectiveness

After the Pre-Conditions are satisfied, the Merger Agreement shall become effective upon satisfaction of all of the following conditions (none of which is capable of being waived) (the "**Conditions to effectiveness**"):

- (1) the obtaining of the written approval by the shareholder of the Offeror approving the Merger as contemplated under the Merger Agreement in accordance with the articles of association of the Offeror and the PRC Laws;
- (2) the passing of special resolution(s) by a majority of not less than two-thirds of the votes cast by way of poll by the Shareholders present and voting in person or by proxy at the EGM to approve the Merger as contemplated under the Merger Agreement in accordance with the Articles and the PRC Laws; and
- (3) the passing of special resolution(s) by way of poll approving the Merger as contemplated under the Merger Agreement at the H Shareholders' Class Meeting to be convened for this purpose, provided that: (a) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent H Shareholders that are cast either in person or by proxy; and (b) the number of votes cast against the resolution(s) is not more than 10% of the votes attaching to all H Shares held by the Independent H Shareholders.

If the above Conditions to effectiveness are not satisfied by the Long-stop Date, the Merger Agreement may be terminated by either party. Please also refer to the paragraph headed "Termination" in this section.

**Conditions to
implementation**

After the Merger Agreement becomes effective upon satisfaction of the Pre-Conditions and all the Conditions to effectiveness, the implementation of the Merger shall be subject to the following conditions being satisfied (the “**Conditions to implementation**”):

- (1) there being no material breach of the representations, warranties or undertakings given by the Offeror in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger;
- (2) there being no material breach of the representations, warranties or undertakings given by the Company in the Merger Agreement on the Delisting Date which has a material adverse impact on the Merger; and
- (3) there being no law, restriction or prohibition or order of any governmental authority or any judgment, decision or adjudication of any court on the Delisting Date which restricts, prohibits or terminates the Merger.

The Company shall be entitled to waive Condition (1) above and the Offeror shall be entitled to waive Condition (2) above. Condition (3) above is not capable of being waived. If the above Conditions to implementation are not satisfied (or waived, as the case may be) by the Long-stop Date, the Merger Agreement may be terminated by either party. Please also refer to the paragraph headed “Termination” in this section.

Payment of consideration

Pursuant to Rule 20.1 of the Takeovers Code, settlement in cash will have to be made within seven (7) business days after the fulfilment (or waiver) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation). The payment of the Cancellation Price to HenLink is subject to completion of certain administrative procedures required under applicable PRC Laws, some of which also require cooperation and initiation on the part of HenLink, including filing and settlement of applicable taxation by HenLink with the Taxation Administration, as well as registration with the China Securities Depository and Clearing Corporation and the Foreign Exchange Administration (or the local counterparts of the foregoing governmental authorities (as the case may be)), and it therefore may not be completed within seven (7) business days. As such and in respect of HenLink, the Offeror will apply to the Executive for a waiver from strict compliance with Rule 20.1 of the Takeovers Code in connection with the requirement to settle the Cancellation Price for the Unlisted Shares held by HenLink within the period as referred to above. Otherwise, the Offeror shall, as soon as possible and in any event no later than seven (7) business days after fulfilment (or waiver, if applicable) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), or as otherwise consented to by the Executive and announced by the Offeror and/or the Company, pay the Cancellation Price to all H Shareholders (other than Fosun Industrial) and all Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development), and issue its registered capital to Fosun Pharma Industrial Development and Fosun Industrial (as described above in this section).

After payment of consideration is made to the Shareholders by or on behalf of the Offeror, all rights attaching to such Shares shall cease to have effect and the relevant Shares shall be cancelled (subject to the rights of the Dissenting Shareholders as described in the section headed “3. *PRINCIPAL TERMS OF THE MERGER AGREEMENT — Rights of a Dissenting Shareholder*” in this joint announcement). The share certificates for the relevant Shares will cease to have effect as documents or evidence of title.

Payment of consideration to the H Shareholders is deemed to be completed once the Offeror or any entity designated by it has despatched to the H Shareholders (other than Fosun Industrial) the cheques for such consideration and payment of consideration to the Unlisted Shareholders is deemed to be completed once the Offeror or any entity designated by it has made remittance to the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development) of such consideration by way of bank transfer or has despatched the cheques for such consideration, while payment of consideration to the Fosun Pharma Industrial Development and Fosun Industrial is respectively deemed to be completed once the Offeror has delivered to them the Offeror's register of members and certification of capital contribution affixed with the Offeror's official seal reflecting the Offeror's shareholding structure after the issuance of the registered capital of the Offeror to Fosun Pharma Industrial Development and Fosun Industrial in accordance with the Merger Agreement.

Dividend

Unless with the prior written consent of the Offeror, the Company shall not declare, make or pay any dividend, distribution (whether in cash or in kind) and/or return of capital to the Shareholders since the date of the Merger Agreement.

As at the date of the joint announcement, the Company has not declared any dividend that has not been paid.

Right of a Dissenting Shareholder:

According to the Articles, any Dissenting Shareholder may request the Company and/or the Consenting Shareholders to acquire its Shares at a "fair price".

If any Dissenting Shareholder exercises its right, the Offeror (if so elected by the Company and/or the Consenting Shareholders) will assume the obligation which the Company and/or the Consenting Shareholders may have towards such Dissenting Shareholder to acquire the Shares held by such Dissenting Shareholder at a "fair price" and the Offeror may liaise with such Dissenting Shareholder in relation to the same.

The exercise of its right by a Dissenting Shareholder is subject to the following criteria:

- (1) such Dissenting Shareholder having validly voted against the resolutions in respect of the Merger at the EGM and (where applicable) the H Shareholders' Class Meeting;

- (2) such Dissenting Shareholder having been validly registered as a Shareholder on the share register of the Company since the record date for the EGM and (where applicable) the H Shareholders' Class Meeting, and having held such Share(s) in respect of which it intends to exercise its right until the Exercise Date; and
- (3) such Dissenting Shareholder having exercised its right during the Declaration Period.

A Dissenting Shareholder is not entitled to exercise its right in respect of such Share(s) held by it if:

- (1) such Dissenting Shareholder has undertaken to the Company to waive its right;
- (2) such Dissenting Shareholder is prohibited from exercising its right in accordance with applicable laws;
- (3) any Share held by such Dissenting Shareholder is subject to pledge, other third-party rights or judicial moratorium, without having legally obtained written consent or approval from the relevant pledgee, third party or competent authority; or
- (4) such Dissenting Shareholder has not returned any cash Cancellation Price received by it within 3 business days after (and excluding) the date of receipt.

Termination

The Merger Agreement may be terminated in any of the following circumstances:

- (1) by either the Offeror or the Company, if
 - (i) any competent governmental authority issues any order, decree, ruling or takes any other action which permanently restricts, impedes or otherwise prohibits the Merger and which is final, binding and not capable of being appealed (both the Offeror and the Company shall use reasonable endeavours to procure the withdrawal of such order, decree, ruling or action prior to exercising any right of termination);
 - (ii) the Conditions to effectiveness not having been satisfied on or before the Long-stop Date; or

- (iii) the Conditions to implementation not having been satisfied or (if applicable) waived on or before the Long-stop Date;
- (2) by the Offeror, if the Company commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger which has a material impact on the Merger and such breach is not remedied by the Company within 30 days following the written notice from the Offeror; or
- (3) by the Company, if the Offeror commits a material breach of the representations, warranties and undertakings under the Merger Agreement or any other agreement related to the Merger which has a material impact on the Merger and such breach is not remedied by the Offeror within 30 days following the written notice from the Company.

In addition, as stated in the paragraph headed “Pre-Conditions to the Merger Agreement becoming effective” above, if the Pre-Conditions are not satisfied by the Long-stop Date, the Merger Agreement will be automatically terminated.

As at the date of this joint announcement, save for Condition (1) of the Conditions to effectiveness which was satisfied on 24 June 2024, none of the Pre-Conditions and the Conditions has been fulfilled or waived.

Conditional upon the fulfilment (or waiver, as applicable) of the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation set out in the paragraphs headed “Pre-Conditions to the Merger Agreement becoming effective”, “Conditions to effectiveness” and “Conditions to implementation” above, the Merger will be implemented. After completion of the Merger, the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company from the Implementation Date and the Company will be eventually deregistered in the PRC.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions to implementation (1) to (3) set out in the paragraph headed “Conditions to implementation” in this section or terminate the Merger Agreement in accordance with the paragraph headed “Termination” in this section as a basis for not proceeding with the Merger only if the circumstances which give rise to the right to invoke any such condition or termination right are of material significance to the Offeror in the context of the Merger.

4. CANCELLATION PRICE

Comparisons of value

The Cancellation Price is HK\$24.60 per H Share and RMB22.444794 per Unlisted Share (equivalent to the Cancellation Price of HK\$24.60 per H Share based on the Exchange Rate).

The Cancellation Price per H Share represents:

- (a) a premium of approximately 36.67% over the closing price per H Share of HK\$18.00 on the Stock Exchange on the Undisturbed Date;
- (b) a premium of approximately 37.28% over the average closing price of HK\$17.92 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Undisturbed Date;
- (c) a premium of approximately 40.01% over the average closing price of HK\$17.57 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Undisturbed Date;
- (d) a premium of approximately 52.04% over the average closing price of HK\$16.18 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Undisturbed Date;
- (e) a premium of approximately 63.13% over the average closing price of HK\$15.08 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Undisturbed Date;
- (f) a premium of approximately 82.09% over the average closing price of HK\$13.51 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Undisturbed Date;
- (g) a premium of approximately 30.57% over the closing price per H Share of HK\$18.84 on the Stock Exchange on the Last Trading Date;
- (h) a premium of approximately 35.31% over the average closing price of HK\$18.18 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to and including the Last Trading Date;
- (i) a premium of approximately 38.75% over the average closing price of HK\$17.73 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Date;
- (j) a premium of approximately 50.83% over the average closing price of HK\$16.31 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date;

- (k) a premium of approximately 62.06% over the average closing price of HK\$15.18 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date;
- (l) a premium of approximately 81.42% over the average closing price of HK\$13.56 per H Share based on the daily closing prices of H Shares as quoted on the Stock Exchange for the 180 trading days immediately prior to and including the Last Trading Date; and
- (m) a premium of approximately 456.43% over the audited consolidated net asset value of the Company as at 31 December 2023 of approximately RMB4.03 per Share (equivalent to approximately HK\$4.42 per Share).

The trading volume of H Shares on the Last Trading Day was 1,303,518 Shares, which was significantly higher than the average daily trading volume over the Undisturbed Period of 257,882 Shares. In light of such volume movements, the Offeror believes that a comparison of value with the historical trading data by reference to the Undisturbed Date represents a better reflection of the Cancellation Price.

Highest and lowest prices

During the six-month period immediately up to and including the Last Trading Date, the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$18.84 on 22 May 2024 and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$11.70 on 22 December 2023.

Funding for the Merger

On the basis of (i) the Cancellation Price of HK\$24.60 per H Share and RMB22.444794 per Unlisted Share (equivalent to the Cancellation Price of HK\$24.60 per H Share based on the Exchange Rate), (ii) 163,428,541 H Shares and 380,066,312 Unlisted Shares in issue as at the date of this joint announcement, and (iii) that the Cancellation Price for the cancellation of 25,393,818 Unlisted Shares and 32,331,100 H Shares respectively held by Fosun Pharma Industrial Development and Fosun Industrial is to be satisfied by the issuance by the Offeror of its registered capital to them, the maximum amount of aggregate Cancellation Price required to be paid by the Offeror to cancel, upon the fulfilment (or waiver, if applicable) of the Pre-Conditions and all the Conditions (being the Conditions to effectiveness and the Conditions to implementation), (i) the H Shares held by the H Shareholders (other than Fosun Industrial), and (ii) the Unlisted Shares held by the Unlisted Shareholders (other than the Offeror and Fosun Pharma Industrial Development) is HK\$3,224,997,048.60 and approximately RMB1,990,873,989.23, respectively.

The Offeror intends to enter into rollover arrangements with certain Shareholders whom the Offeror considers to benefit the continued growth of the Offeror after completion of the Merger by virtue of their extensive business network and/or potential business opportunities, pursuant to which such Shareholders may, instead of receiving the Cancellation Price in cash (or participating

in the Potential Share Alternative Offer, should the Offeror decide to proceed with the same), receive registered capital of the Offeror and/or the Rollover Entity (if the Potential Share Alternative Offer is proceeded with). Such rollover arrangements, if entered into, will constitute special deals under Rule 25 of the Takeovers Code and the relevant Shareholder will be considered to be acting in concert with the Offeror. Pursuant to Rule 25 of the Takeovers Code, such rollover arrangements will not be extended to all Shareholders and will therefore be subject to the granting of consent from the Executive conditional on (i) the Independent Financial Adviser to the Independent Board Committee confirming that such rollover arrangements are fair and reasonable so far as the Independent H Shareholders are concerned; and (ii) the passing of an ordinary resolution by the Independent Shareholders at the EGM to approve the rollover arrangements. As at the date of this joint announcement, no such rollover arrangement has been entered into with any such Shareholder. The Offeror will make further announcement(s) upon entering into such rollover arrangement.

Lustrous Star Limited, which is indirectly wholly owned by Fosun Pharma, has undertaken with the Offeror to pay on its behalf the total Cancellation Price for the cancellation of the H Shares.

The payment of the total Cancellation Price for the Merger will be financed by internal cash resources and/or external debt financing including loan facilities respectively entered into between the Offeror/Lustrous Star Limited (which is indirectly wholly owned by Fosun Pharma) and China Merchants Bank Co., Ltd. Shanghai Branch. The external debt financing obtained by the Fosun Pharma Group for the funding for the payment of Cancellation Price is guaranteed by Fosun Pharma, and is secured by (i) share charge with respect to shares in the Company as held by the Offeror; (ii) share charge with respect to the shares in the Offeror as held by Fosun Pharma Industrial Development; and (iii) share charge with respect to shares in Lustrous Star Limited as held by Fosun Industrial.

After the date of this joint announcement and prior to the latest practicable date to be referred to in the Composite Document, Fosun Pharma reserves the right to have new investor(s) to subscribe for/acquire shares in the Offeror provided the Offeror remains to be owned by Fosun Pharma as to more than 75% after such change(s).

The Offeror has appointed CICC and Fosun International Capital as its joint financial advisers in respect of the Merger. CICC, being the lead financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for the satisfaction of the Offeror's obligations in respect of the full implementation of the Merger in accordance with its terms.

5. REASONS AND BENEFITS OF THE MERGER

(1) Benefits of the Merger to the Offeror and the Company:

- (i) *The listing status of the Company no longer provides meaningful access to capital and imposes additional costs on the Company*

Since the listing of the H Shares on the Stock Exchange in 2019, the Company has not raised any funds through equity financing. As the H Shares have been traded within a relatively low-price range with sluggish trading volume for most of the time, the Company's ability to raise funds from the equity market is significantly limited. Following the Merger, the H Shares will be delisted from the Stock Exchange, and the Company is expected to substantially reduce the administrative resources which it would otherwise need to incur in relation to maintaining its listing status, and the Offeror will be able to manage the Company by focusing on its strategic direction and business operations.

- (ii) *The unsatisfactory share performance distracts the Company from its business operations*

Over a long period of time, the Company's share price performance has not been satisfactory due to a combination of global macroeconomic challenges, healthcare industry changes, and the overall Hong Kong stock market momentum.

The Offeror considers that the depressed share price has not fully reflected the Company's core value as a global biopharmaceutical company with a diversified and high-quality product pipeline, which might be detrimental to its business focus as well as its employee morale. The Merger will help the Offeror and the Group to concentrate on solving critical issues in relation to the core business and operations, free from distractions brought by share price fluctuations.

- (iii) *Enhancement on the Company's business operations*

The Fosun Pharma Group is a global innovation-driven pharmaceutical and healthcare industry group and directly operates businesses including pharmaceuticals, medical devices, medical diagnosis, and healthcare services. The Fosun Pharma Group is committed to the long-term development of the Group's business. After the Merger, it will be more efficient and feasible for the Fosun Pharma Group to provide business resources and enable the Group to execute its long-term strategy and sustainable growth.

(2) Benefits of the Merger to the Shareholders:

- (i) *Cancellation Price represents a compelling exit premium under a challenging capital market environment*

The Offeror provides an attractive opportunity for the Shareholders to monetize their investment at a compelling premium to the prevailing market price of the Shares. The Cancellation Price of HK\$24.60 per Share represents a premium of approximately 36.67% over the closing price of HK\$18.00 per Share as quoted on the Stock Exchange on the Undisturbed Date. The Cancellation Price also represents a premium of approximately 40.01%, 52.04%, 63.13% and 82.09% over the average closing prices of approximately HK\$17.57, HK\$16.18, HK\$15.08 and HK\$13.51 per Share as quoted on the Stock Exchange for the 10, 30, 60 and 180 trading days immediately prior to and including the Undisturbed Date, respectively.

The biopharmaceutical industry that the Group engages in is full of challenges, including volume-based procurement of drugs in the PRC and ongoing regulatory reforms, as well as the geopolitical tensions and other global macroeconomic factors. In light of the challenging environment, the Group aims to continue to explore new targets and mechanisms and conduct a series of clinical studies worldwide to diversify the product portfolio into new disease fields, which may not bring in immediate return in the short term. Besides, the Group anticipates to increase efforts on commercialization of new products for the next few years in order to expand the sales and extend its market reach to cover more countries and regions. As such, research and development, as well as marketing and commercialization activities may bring additional investment and spending.

Furthermore, the Hang Seng Healthcare Index has declined by approximately 30.10% during the 12-month period immediately prior to and including the Last Trading Date. Considering the Group's business strategy and long-term depressed market trend, the Merger affords the Shareholders the opportunity to monetize their investments in the Company under a challenging capital market environment.

(ii) *An opportunity to exit investments with low trading liquidity*

The liquidity of Shares has been at a low level over a long period of time. The average daily trading volume of the Shares for the 24 months up to and including the Last Trading Date was approximately 0.18 million Shares per day, representing only approximately 0.11% of the issued H Shares as at the date of this joint announcement. The low trading liquidity of the Shares could make it difficult for the Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares or to dispose of a large number of Shares when any event that has an adverse impact on the Company's share price occurs.

(3) Benefits of the Merger to the Unlisted Shareholders:

The Unlisted Shares are not listed on any Stock Exchange, hence there is a lack of a public platform for the Unlisted Shareholders to exit their investments. The Merger provides a feasible opportunity for the Unlisted Shareholders to exit their investments at a compelling premium to the prevailing market price.

6. INFORMATION ON THE OFFEROR AND THE COMPANY

(1) Information on the Offeror

The Offeror is a company incorporated in the PRC with limited liability on 12 September 2008 and is an investment holding company. The 265,971,569 Unlisted Shares in the Company are held by it as its sole asset and the Offeror has no other businesses.

As at the date of this joint announcement, the Offeror is wholly owned by Fosun Pharma Industrial Development, which in turn is wholly-owned by Fosun Pharma. Fosun Pharma Industrial Development is principally engaged in industrial investments, medical industry investments, import and export of goods and technologies. The Fosun Pharma Group is a leading healthcare group in the PRC and principally engages in the businesses of pharmaceutical manufacturing, medical devices and medical diagnosis, healthcare services and pharmaceutical distribution and retail.

The Offeror and the Offeror Concert Parties will not be considered as Independent H Shareholders under the Takeovers Code and accordingly, they will not be entitled to vote at the H Shareholders' Class Meeting.

(2) Information on the Company

The Company is a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange. The Company is primarily engaged in research and development of monoclonal antibody drugs (except for the development and application of human stem cells, genetic diagnosis and treatment technologies), transfer of self-developed technology, and provision of related technical services and technical consultation.

The consolidated net profits (both before and after taxation) of the Company for the two fiscal years immediately preceding the date of the Merger Agreement (in accordance with International Financial Reporting Standards) are as follows:

	For the year ended	
	31 December	
	2023	2022
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit/(loss) before tax	569,578	(693,887)
Profit/(loss) after tax	546,019	(695,259)

(3) Shareholding in the Company and Relevant Securities in Issue

As at the date of this joint announcement, the relevant securities of the Company in issue are 543,494,853 Shares, which comprise 163,428,541 H Shares and 380,066,312 Unlisted Shares.

Set out below is the shareholding in the Company as at the date of this joint announcement:

Shareholders	Number of H Shares interested	Approximate % of the H Shares in issue	Number of Unlisted Shares interested	Approximate % of the Unlisted Shares in issue	Approximate % of the Shares in issue
<i>Offeror and the Offeror Concert Parties</i> ^(Note 1)					
The Offeror	—	—	265,971,569	69.98%	48.94%
Fosun Pharma Industrial Development	—	—	25,393,818	6.68%	4.67%
Fosun Industrial	32,331,100	19.78%	—	—	5.95%
Wuxi Tongshan Investment Enterprise (Limited Partnership) (無錫市通善投資企業(有限合夥)) ^(Note 2)	—	—	4,666,667	1.23%	0.86%
Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership) (上海果運生物技術合夥企業(有限合夥)) ^(Note 3)	—	—	5,356,950	1.41%	0.99%
Shanghai Guohong Biotech Partnership Enterprise (Limited Partnership) (上海果宏生物技術合夥企業(有限合夥)) ^(Note 4)	—	—	1,114,295	0.29%	0.21%
Shanghai Guoyou Biotech Partnership Enterprise (Limited Partnership) (上海果友生物技術合夥企業(有限合夥)) ^(Note 4)	—	—	508,235	0.13%	0.09%
Shanghai Guozhi Biotech Partnership Enterprise (Limited Partnership) (上海果智生物技術合夥企業(有限合夥)) ^(Note 4)	—	—	109,006	0.03%	0.02%
HenLink, Inc. ^(Note 5)	—	—	15,876,694	4.18%	2.92%
Dr. JZ Limited ^(Note 6)	50,000	0.03%	—	—	0.01%
Rongtong Ronghai No. 39 QDII SMA ^(Note 7)	3,145,097	1.92%	—	—	0.58%
Sub-Total for the Offeror and the Offeror Concert Parties ^(Note 8)	35,526,197	21.74%	318,997,234	83.93%	65.23%
Independent H Shareholders	127,902,344	78.26%	—	—	23.53%
Independent Shareholders (other than Independent H Shareholders)	—	—	61,069,078	16.07%	11.24%
Total number of Shares in issue	163,428,541	100%	380,066,312	100%	100%

Notes:

1. CICC is the lead financial adviser to the Offeror in respect of the Merger. Accordingly, CICC and members of the CICC group which hold Shares on an own account or discretionary managed basis are presumed to be acting in concert with the Offeror in respect of shareholdings of the CICC group in the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code (except in respect of the Shares held by members of the CICC group which are exempt principal traders or exempt fund managers, in each case recognized by the Executive as such for the purposes of the Takeovers Code). Exempt principal traders and exempt fund managers which are connected for the sole reason that they are under the same control as CICC are not presumed to be acting in concert with the Offeror. However:
 - a. Shares held by members of the CICC group acting in the capacity of exempt principal traders will not be voted at the EGM or the H Shareholders’ Class Meeting (as applicable) unless the Executive allows such Shares to be so voted; and
 - b. Shares held by members of the CICC group acting in the capacity of exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the EGM and/or the H Shareholders’ Class Meeting (as applicable) if: (i) such member of the CICC group holds the relevant Shares as a simple custodian for and on behalf of non-discretionary clients; (ii) there are contractual arrangements in place between such member of the CICC group and such non-discretionary client that strictly prohibit such member of the CICC group from exercising any voting discretion over such Shares; (iii) all voting instructions shall originate from such non-discretionary client only (if no instructions are given, then no votes shall be cast for such Shares held by such member of the CICC group); and (iv) such non-discretionary client is not a concert party of the Offeror.

Details of holdings, borrowings or lendings of, and dealings in, the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company held by or entered into by other members of the CICC group (except in respect of Shares held by exempt principal traders or exempt fund managers or Shares held on behalf of non-discretionary investment clients of the CICC group), if any, will be obtained as soon as possible after the date of this joint announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Offeror and the Company if the holdings, borrowings, lendings, or dealings of the other members of the CICC group are significant and in any event, such information will be disclosed in the Composite Document. The statements in this joint announcement as to the holdings, borrowings or lendings of, or dealings in, the Shares or any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company by persons acting in concert with the Offeror are subject to the holdings, borrowings, lendings, or dealings (if any) of other members of the CICC group. Any dealings in the relevant securities of the Company by the CICC group (excluding dealings by the CICC group members who are exempt principal traders or exempt fund managers or dealings by the CICC group members for the account of non-discretionary investment clients of the CICC group) during the six (6) months prior to the date of this joint announcement and the commencement of the Offer Period to the latest practicable date prior to the despatch of the Composite Document will be disclosed in the Composite Document and pursuant to Rule 22 of the Takeovers Code.

2. Wuxi Tongshan Investment Enterprise (Limited Partnership) (無錫市通善投資企業(有限合夥)) is a limited partnership established in the PRC, the general partner of which is Tongde Equity Investment Management (Shanghai) Co., Ltd.* (通德股權投資管理(上海)有限公司) which is in turn wholly owned by Hermed Capital, of which Mr. Yao Fang (a director of Fosun Pharma) is a director.

3. Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership)* (上海果運生物技術合夥企業(有限合夥)) is established in the PRC and its Unlisted Shareholders are controlled by employees of the Company. Mr. Zhu Jun, an executive Director, holds approximately 3.09% interest in Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership)* (上海果運生物技術合夥企業(有限合夥)).
4. Shanghai Guohong Biotech Partnership Enterprise (Limited Partnership)* (上海果宏生物技術合夥企業(有限合夥)), Shanghai Guoyou Biotech Partnership Enterprise (Limited Partnership)* (上海果友生物技術合夥企業(有限合夥)) and Shanghai Guozhi Biotech Partnership Enterprise (Limited Partnership)* (上海果智生物技術合夥企業(有限合夥)) are established in the PRC and are Unlisted Shareholders which are controlled by employees of the Company and/or their family member.
5. HenLink, Inc. is a company incorporated in the Cayman Islands whose beneficial owners are certain employees of the Group. Mr. Zhang Wenjie, the chairman of the Company and an executive Director, holds approximately 8.93% interest in HenLink, Inc..
6. Dr. JZ Limited is wholly-owned by Mr. Zhu Jun, an executive Director.
7. Rongtong Ronghai No. 39 QDII SMA is a qualified domestic institutional investor fund account (“**Rongtong QDII**”) approved by the relevant PRC authority and it holds 3,145,097 H Shares (representing approximately 1.92% of all issued H Shares and approximately 0.58% of all issued Shares) as at the date of this joint announcement. As at the date of this joint announcement, the sole beneficial owner of the Rongtong QDII is CICC Grandeur (Xiamen) Equity Investment Fund Partnership (L.P.), in which CICC Capital Operation Co., Limited (“**CICC Capital Operation**”) acts as general partner and holds 0.04% in it. Both China International Capital Corporation Hong Kong Securities Limited (i.e. the lead financial adviser to the Offeror) and CICC Capital Operation are wholly owned by China International Capital Corporation and are members of the CICC Group. Rongtong QDII is therefore considered to be an Offeror Concert Party for the purposes of the Takeovers Code.
8. The Shares held by the Offeror and the Offeror Concert Parties exclude 86,900 H Shares held by the Fosun International Securities for the account of non-discretionary investment clients, which are allowed to be voted at the EGM and/or the H Shareholders’ Class Meeting (as applicable) and be counted as votes of the Independent Shareholders.

As at the date of this joint announcement, the Offeror and the Offeror Concert Parties hold 354,523,431 Shares in the aggregate, representing approximately 65.23% of all issued Shares in the Company, in which, (i) the Offeror directly owns 265,971,569 Unlisted Shares, representing approximately 48.94% of all issued Shares in the Company, and (ii) the Offeror Concert Parties hold 88,551,862 Shares in aggregate, representing approximately 16.29% of all issued Shares in the Company, among which Fosun Pharma Industrial Development holds 25,393,818 Unlisted Shares (representing approximately 4.67% of all issued Shares in the Company), Fosun Industrial holds 32,331,100 H Shares (representing approximately 5.95% of all issued Shares in the Company), Wuxi Tongshan Investment Enterprise (Limited Partnership) (無錫市通善投資企業(有限合夥)) holds 4,666,667 Unlisted Shares (representing approximately 0.86% of all issued Shares in the Company), Shanghai Guoyun Biotech Partnership Enterprise (Limited Partnership) (上海果運生物技術合夥企業(有限合夥)) holds 5,356,950 Unlisted Shares (representing approximately 0.99% of all issued Shares in the Company), Shanghai Guohong Biotech Partnership Enterprise (Limited Partnership) (上海果宏

生物技術合夥企業(有限合夥)) holds 1,114,295 Unlisted Shares (representing approximately 0.21% of all issued Shares in the Company), Shanghai Guoyou Biotech Partnership Enterprise (Limited Partnership) (上海果友生物技術合夥企業(有限合夥)) holds 508,235 Unlisted Shares (representing approximately 0.09% of all issued Shares in the Company), Shanghai Guozhi Biotech Partnership Enterprise (Limited Partnership) (上海果智生物技術合夥企業(有限合夥)) holds 109,006 Unlisted Shares (representing approximately 0.02% of all issued Shares in the Company), Rongtong Ronghai No.39 QDII SMA holds 3,145,097 H Shares (representing approximately 0.58% of all issued Shares in the Company), HenLink, Inc. holds 15,876,694 Unlisted Shares (representing approximately 2.92% of all issued Shares in the Company), and Dr. JZ Limited holds 50,000 H Shares (representing approximately 0.01% of all issued Shares in the Company). Save as disclosed, none of the Offeror and the Offeror Concert Parties owns or has control or direction over any voting rights and rights over the Shares.

As at the date of this joint announcement, save as disclosed above, the Company does not have any outstanding options, warrants, convertible securities or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue.

(4) Rights and interests in the securities of the Offeror and Shares and respective derivatives

As at the date of this joint announcement:

- (i) save as disclosed in paragraph headed “Shareholding in the Company and Relevant Securities in Issue” in this section above, there is no existing holding of voting rights and rights over the Shares which the Offeror owns or over which it has control or direction;
- (ii) save as disclosed in paragraph headed “Shareholding in the Company and Relevant Securities in Issue” in this section above, there is no existing holding of voting rights and rights over the Shares which is owned or controlled or directed by the Offeror Concert Parties (excluding Shares held on behalf of non-discretionary investment clients of the CICC group and Fosun International Securities);
- (iii) there is no existing holding of voting rights and rights over the Shares in respect of which the Offeror or the Offeror Concert Parties has received an irrevocable commitment in relation to the voting of the resolutions in respect of the Merger;
- (iv) there is no existing holding of voting rights and rights over the Shares in respect of which the Offeror or the Offeror Concert Parties (excluding Shares held on behalf of non-discretionary investment clients of the CICC group and Fosun International Securities) holds convertible securities, warrants or options;
- (v) there is no outstanding derivative in respect of securities in the Company entered into by the Offeror or the Offeror Concert Parties (except those which are exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code);

- (vi) save for the Merger Agreement and the transactions contemplated thereunder, there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the securities of the Company or the Offeror and which might be material to the Merger;
- (vii) there is no agreement or arrangement (other than the Merger Agreement and the transactions contemplated thereunder) to which the Offeror is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition of the Merger; and
- (viii) there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which any of the Offeror or the Offeror Concert Parties has borrowed or lent.

As at the date of this joint announcement, there is no understanding, arrangement or agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (i) any Shareholder; and (ii) (a) the Offeror and the Offeror Concert Parties or (b) the Company, its subsidiaries or associated companies.

There is no other consideration, compensation or benefit in any form paid or to be paid by the Offeror and the Offeror Concert Parties in relation to the Merger, other than the Cancellation Price and the issuance by the Offeror of its registered capital to Fosun Pharma Industrial Development and Fosun Industrial.

None of the Offeror or the Offeror Concert Parties had dealt for value in the Shares during the period beginning six (6) months prior to the date of this joint announcement and up to and including the date of this joint announcement (excluding dealings by CICC group members and Fosun International Securities for the account of non-discretionary investment clients of the CICC group and Fosun International Securities, respectively).

7. BOARD APPROVAL, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board approved the Merger and its related matters at its board meeting on 24 June 2024.

The Board has established the Independent Board Committee, consisting of all of the independent non-executive Directors, being Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin, pursuant to Rule 2.8 of the Takeovers Code. The Independent Board Committee will advise the Independent H Shareholders as to: (a) whether the terms of the Merger are fair and reasonable for the purpose of the Takeovers Code; and (b) whether to vote in favour of the Merger at the EGM and the H Shareholders' Class Meeting. None of the Company's non-executive Directors form part of the Independent Board Committee as (a) Mr. Chen Qiyu, Mr. Wu Yifang, Ms. Guan Xiaohui and Mr. Wen Deyong are directors of Fosun Pharma, and (b) Dr. Wang Xingli is a member of the senior management of the Fosun Pharma Group (apart from the Group).

Rainbow Capital (HK) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Merger. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The letter of advice of the Independent Financial Adviser to the Independent Board Committee in connection with the Merger will be included in the Composite Document to be despatched jointly by the Company and the Offeror.

8. PROPOSED WITHDRAWAL OF LISTING OF H SHARES

Upon satisfaction of the Pre-Conditions and all the Conditions to effectiveness, the Company will apply to the Stock Exchange for voluntary withdrawal of the listing of the H Shares from the Stock Exchange pursuant to Rule 6.15(2) of the Listing Rules.

The Company will issue separate announcement(s) notifying H Shareholders of the proposed withdrawal of listing and the exact dates and relevant arrangements for the last day for dealing in the H Shares on the Stock Exchange as well as when the formal delisting of the H Shares will become effective.

The listing of the H Shares on the Stock Exchange will not be withdrawn if the Merger is not approved or lapses or does not become unconditional for any reason.

9. EGM AND H SHAREHOLDERS' CLASS MEETING AND THE COMPOSITE DOCUMENT

Subject to the fulfilment of the Pre-Conditions, the Company will convene the EGM and the H Shareholders' Class Meeting for the Shareholders and the H Shareholders respectively, to consider and, if thought fit, approve matters including the Merger. The Composite Document containing, amongst others, (i) further details of the Merger and the Merger Agreement and other matters in relation to the Merger; (ii) a letter of advice issued by the Independent Financial Adviser to the Independent Board Committee; and (iii) recommendations and advice from the Independent Board Committee, together with a notice of the EGM, a notice of the H Shareholders' Class Meeting and proxy forms are expected to be despatched to the H Shareholders within seven (7) days after the satisfaction of the Pre-Conditions. The Offeror will apply to the Executive for its consent under Note 2 to Rule 8.2 of the Takeovers Code to permit the Composite Document to be posted within the timeframe described above, and an announcement will be made in due course as required under the Takeovers Code.

The Offeror and the Offeror Concert Parties will abstain from voting at the H Share Class Meeting.

10. RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, associates (including persons holding 5% or more of a class of relevant securities of the Offeror and the Company) of the Offeror and the Company are hereby reminded to disclose their dealings in any share in the Offeror and the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

11. POSSIBLE DISCLOSEABLE TRANSACTION OF FOSUN PHARMA

Should the Merger be proceeded with, as one or more of the applicable percentage ratios for Fosun Pharma in respect of the Merger is expected to exceed 5% but all such applicable percentage ratios are expected to be less than 25% for Fosun Pharma, implementation of the Merger will constitute a discloseable transaction for Fosun Pharma under the Listing Rules and is subject to announcement requirement but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

12. RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares on the Stock Exchange was halted from 9:00 a.m. on 23 May 2024. An application has been made by the Company to the Stock Exchange for the resumption of trading in the H Shares from 9:00 a.m. on 25 June 2024.

13. WARNING

The Pre-Conditions and the Conditions to effectiveness must be satisfied before the Merger Agreement becoming effective. The Merger Agreement becoming effective is therefore a possibility only. Further, Shareholders and potential investors in the securities of the Company should be aware that the Merger is subject to the Conditions to implementation set out in this joint announcement being satisfied or waived, as applicable. Neither the Offeror nor the Company provides any assurance that any or all Pre-Conditions or Conditions can be satisfied, and thus the Merger Agreement may or may not become effective or, if effective, may or may not be implemented or completed. Shareholders and potential investors in the securities of the Company should therefore exercise caution when dealing in the securities of the Company.

Persons who are in doubt as to the action to take and the implications arising from the Merger should consult their stockbroker, bank manager, solicitor or other professional advisers (including tax adviser regarding the tax consequences of the cancellation of the H Shares and the implementation of the Merger).

14. DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“acting in concert”	has the meaning given to it under the Takeovers Code and “concert party” or “concert parties” shall be construed accordingly;
“Articles”	the articles of association of the Company;
“associate(s)”	has the meaning given to it under the Listing Rules or the Takeovers Code (as the case may be);
“Board”	the board of directors of the Company;
“business day”	a day on which the Stock Exchange is open for the transaction of business;
“Cancellation Price”	the cancellation price of HK\$24.60 per H Share and RMB22.444794 per Unlisted Share payable in cash by the Offeror to the Shareholders (other than Fosun Pharma Industrial Development and Fosun Industrial), as described in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;

“CICC”	China International Capital Corporation Hong Kong Securities Limited, the lead financial adviser to the Offeror in respect of the Merger. CICC is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“Company” or “Henlius”	Shanghai Henlius Biotech, Inc. (上海復宏漢霖生物技術股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed and traded on the Stock Exchange (Stock Code: 02696);
“Composite Document”	the document to be issued by or on behalf of the Offeror and the Company to all Shareholders in accordance with the Takeovers Code containing, among others, details of the Merger, as may be revised or supplemented as appropriate;
“Conditions”	collectively, the Conditions to effectiveness and the Conditions to implementation;
“Conditions to effectiveness”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“Conditions to implementation”	has the meaning given to it in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ”;
“Consenting Shareholders”	the Shareholders who have approved the Merger;
“Declaration Period”	a period commencing on the Delisting Date and expiring on the third (3rd) business day from (and excluding) the Delisting Date, during which any Dissenting Shareholder may declare to exercise its right;
“Delisting Date”	the date on which the listing of the Company on the Stock Exchange is withdrawn;
“Director(s)”	director(s) of the Company;
“Dissenting Shareholder”	a Shareholder who has validly voted against the resolutions in respect of the Merger at the EGM and (if applicable) the H Shareholders’ Class Meeting and has requested the Company or the Consenting Shareholders to acquire its Shares at a “fair price”;

“EGM”	the extraordinary general meeting of the Company to be convened, or any adjournment thereof, to consider and, if thought fit, approve (among other things) the Merger Agreement and transactions contemplated thereunder including the Merger and relevant arrangements;
“Exchange Rate”	the exchange rate of HK\$1: RMB0.91239, which is the latest available central parity rate of RMB to Hong Kong Dollar as at the date of this joint announcement as announced by the People’s Bank of China;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“exempt fund manager”	has the meaning given to it under the Takeovers Code;
“exempt principal trader”	has the meaning given to it under the Takeovers Code;
“Exercise Date”	the date on which the Company and/or the Consenting Shareholders (or the Offeror, if so elected by the Company and/or the Consenting Shareholders) pays cash consideration to Dissenting Shareholders who effectively declare and exercise their right to request for the acquisition of the Shares held by them at “fair price”, which will be separately announced by the Company;
“Fosun International Capital”	Fosun International Capital Limited, the joint financial adviser to the Offeror in respect of the Merger. Fosun International Capital is a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, an indirectly wholly owned subsidiary of Fosun International Limited, a company listed on the Stock Exchange (Stock Code: 656) and the controlling shareholder of Fosun Pharma (Stock Code: 2196, the indirect parent company of the Offeror);
“Fosun International Securities”	Fosun International Securities Limited, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, an indirectly wholly owned subsidiary of Fosun International Limited, a company listed on the Stock Exchange (Stock Code: 656) and the controlling shareholder of Fosun Pharma (Stock Code: 2196, the indirect parent company of the Offeror);

“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 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;
“Fosun Pharma Group”	Fosun Pharma and its subsidiaries;
“Fosun Pharma Industrial Development”	Shanghai Fosun Pharmaceutical Industrial Development Company Limited (上海復星醫藥產業發展有限公司), a company established in the PRC on 27 November 2001 with limited liability, and a wholly-owned subsidiary of Fosun Pharma;
“Group”	the Company and its subsidiaries;
“H Share(s)”	the overseas listed foreign shares issued by the Company, with a RMB denominated par value of RMB1.00 each, which are subscribed for and paid up in Hong Kong dollars and are listed and traded on the Stock Exchange, representing approximately 30.07% of all issued Shares in the Company as at the date of this joint announcement;
“H Shareholder(s)”	the holder(s) of H Shares;
“H Shareholders’ Class Meeting”	class meeting of the Company to be convened for H Shareholders, or any adjournment thereof, to consider and, if thought fit, approve the Merger Agreement, the Merger and relevant arrangements;
“HenLink”	HenLink, Inc., a holder of 15,876,694 Unlisted Shares, representing approximately 2.92% of all issued Shares as at the date of this joint announcement;
“HK\$” or “Hong Kong Dollar”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Implementation Date”	the implementation date of the Merger agreed between the Offeror and the Company upon which the Offeror will assume all assets, liabilities, interests, businesses, employees, contracts and all other rights and obligations of the Company;
“Independent Board Committee”	the independent board committee established by the Company for the purposes of considering (among other things) the Merger, which comprises all of the independent non-executive Directors, being Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin;
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee who will advise the Independent Board Committee and the Independent H Shareholders in respect of (among other things) the Merger;
“Independent H Shareholders”	the H Shareholders other than the Offeror and the Offeror Concert Parties;
“Independent Shareholders”	Shareholders other than the Offeror and the Offeror Concert Parties;
“Last Trading Date”	22 May 2024, the last trading day prior to the halt of trading in the H Shares on the Stock Exchange pending the release of this joint announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long-stop Date”	30 April 2025, being the last date the Pre-Conditions, the Conditions to effectiveness and the Conditions to implementation can be satisfied, unless the Offeror and the Company otherwise agree, subject to the consent of the SFC;
“Merger”	the proposed merger by absorption of the Company by the Offeror in accordance with the PRC Company Law and other applicable PRC Laws as contemplated under the Merger Agreement;
“Merger Agreement”	the merger agreement entered into between the Offeror and the Company on 24 June 2024 in relation to the Merger;

“Offer Period”	has the meaning ascribed to it under the Takeovers Code, being the period commencing on 24 June 2024 (the date of this joint announcement) and ending on the date on which the Merger becomes effective or the date on which the Merger is not approved or otherwise lapses or the date determined by the Executive as the date on which the relevant offer period shall end, whichever is earlier;
“Offeror” or “Fosun New Medicine”	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 an indirectly wholly-owned subsidiary of Fosun Pharma as at the date of this joint announcement;
“Offeror Concert Parties”	parties acting in concert or presumed to be acting in concert with the Offeror under the definition of “acting in concert” under the Takeovers Code (except in the capacity of an exempt principal trader or exempt fund manager for the purpose of the Takeovers Code) in respect of the Company, (including those as listed in the table set out in the section headed “7. INFORMATION ON THE OFFEROR AND THE COMPANY — (3) Shareholding in the Company and Relevant Securities in Issue” in this joint announcement and, if the Potential Share Alternative Offer is made, the Rollover Entity);
“PRC” or “China”	the People’s Republic of China, which for the purposes of this joint announcement does not include Hong Kong, the Macau Special Administrative Region and Taiwan unless the context otherwise specifies;
“PRC Company Law”	the Company Law of the PRC, as amended, supplemented or otherwise modified from time to time;
“PRC Laws”	any and all laws, regulations, statutes, rules, decrees, notices, and supreme court’s judicial interpretations as may be in force and publicly available in the PRC from time to time;
“Pre-Conditions”	have the meaning given to it in the section headed “3. PRINCIPAL TERMS OF THE MERGER AGREEMENT — Pre-Conditions to the Merger Agreement becoming effective” of this joint announcement;

“Potential Share Alternative Offer”	has the meaning as ascribed to this expression in the section headed “3. <i>PRINCIPAL TERMS OF THE MERGER AGREEMENT</i> ” of this joint announcement;
“Rollover Entity”	being either the Offeror or an unlisted entity to be designated by the Offeror which is a special purpose vehicle newly established for the sole purposes of issuing shares under the Potential Share Alternative Offer and holding registered capital in the Offeror;
“Rollover Securities”	shares of the Rollover Entity;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as revised, supplemented or otherwise modified from time to time);
“Shareholders”	H Shareholders, and the Unlisted Shareholders;
“Share(s)”	collectively, H Shares and Unlisted Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC (as revised, supplemented or otherwise modified from time to time);
“trading day”	a day on which the Stock Exchange is open for dealing or trading in securities;
“Undisturbed Date”	21 May 2024, being the last trading day prior to 22 May 2024 when there were irregular trading volumes in the Shares;
“Undisturbed Period”	the 12-month period immediately prior to and including the Undisturbed Date;
“Unlisted Shares”	the shares issued by the Company which are not listed in domestic and overseas stock exchanges, with a RMB denominated par value of RMB1.00 each, representing approximately 69.93% of all issued Shares in the Company as at the date of this joint announcement;
“Unlisted Shareholder(s)”	the holder(s) of Unlisted Share(s);

“United States” or “U.S.” the United States of America, its territories and possessions, any State of the United States and the District of Columbia;

“U.S. Exchange Act” the U.S. Securities Exchange Act of 1934, as amended; and

“%” per cent.

By order of the board of directors of
**Shanghai Fosun New Medicine Research
Company Limited***
Guan Xiaohui
Director

By order of the Board
Shanghai Henlius Biotech, Inc.
Zhang Wenjie
Chairman

By order of the board of directors of
**Shanghai Fosun Pharmaceutical
(Group) Co., Ltd.***
Wu Yifang
Chairman

Shanghai, the PRC
24 June 2024

As at the date of this joint announcement, the Offeror’s directors are Mr. Wu Yifang, Ms. Guan Xiaohui and Mr. Wen Deyong. The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

As at the date of this joint announcement, the board of directors of Fosun Pharma comprises 12 directors, namely Mr. Wu Yifang, Mr. Wang Kexin, Ms. Guan Xiaohui and Mr. Wen Deyong as executive directors; Mr. Chen Qiyu, Mr. Yao Fang, Mr. Xu Xiaoliang and Mr. Pan Donghui as non-executive directors; and Ms. Li Ling, Mr. Tang Guliang, Mr. Wang Quandi and Mr. Yu Tze Shan Hailson as independent non-executive directors. The directors of Fosun Pharma jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those in relation to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors in their capacity as Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

As at the date of this joint announcement, the Board comprises eleven Directors, namely Mr. Zhang Wenjie as the chairman and executive director, Mr. Zhu Jun as the executive director, Mr. Chen Qiyu, Mr. Wu Yifang, Ms. Guan Xiaohui, Mr. Wen Deyong and Dr. Wang Xingli as the non-executive directors, and Mr. So Tak Young, Dr. Chan Lik Yuen, Dr. Zhao Guoping and Dr. Song Ruilin as the independent non-executive directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those in relation to the Offeror and the Offeror Concert Parties who is not a member of the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror in their capacity as directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any of the statements in this joint announcement misleading.

** For identification purposes only.*