3 December 2025

To the Independent Board Committee and the Independent Shareholders
Shanghai Henlius Biotech, Inc.
11F, Building B8
188 Yizhou Road
Xuhui District
Shanghai, PRC

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS
RENEWAL OF THE SINOPHARM DISTRIBUTION COLLABORATION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the sales of the Group Products for the years ending 31 December 2026, 2027 and 2028 under the Sinopharm Distribution Framework Agreement (2025 Renewal), pursuant to the expiry under the Sinopharm Distribution Framework Agreement after 31 December 2025 (including the proposed annual caps thereunder (the "**Proposed Annual Caps**"), for which the Independent Shareholders' approval is being sought (the "**Proposed Continuing Connected Transactions**"). Details of the Proposed Continuing Connected Transactions are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company to the Shareholders dated 3 December 2025 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, Fosun Pharma (a controlling shareholder of the Company) is directly holding 49% of the interests in Sinopharm Industrial Investment and Sinopharm is a subsidiary of Sinopharm Industrial Investment. Therefore, Sinopharm is a connected person of the Company by virtue of being an associate of the Company's controlling shareholder. Accordingly, transactions contemplated under the Sinopharm Distribution Framework Agreement (2025 Renewal) constitute continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps for each of the three years ending 31 December 2026, 2027 and 2028 exceeds 5%, the Proposed Continuing Connected Transactions are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee, comprising all the Independent Non-executive Directors, namely Mr. Tak Young So, Dr. Lik Yuen Chan, Dr. Ruilin Song and Mr. Yihao Zhang, has been formed to advise the Independent Shareholders on whether the terms of the Sinopharm Distribution Framework Agreement (2025 Renewal) (including the Proposed Annual Caps) are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We, Rainbow Capital, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, the Sinopharm Group or any other party to the Sinopharm Distribution Framework Agreement (2025 Renewal), or their respective substantial shareholder(s) or connected person(s), as defined under the Hong Kong Listing Rules that could reasonably be regarded as relevant to our independence. We have acted as the independent financial adviser to (i) the independent board committee in relation to the proposed privatisation of the Company by Fosun New Medicine by way of merger by absorption of the Company, details of which are set out in the circular of the Company dated 23 December 2024; and (ii) the independent board committee and the independent shareholders in relation to continuing connected transactions of collaboration agreements for the three years ending 31 December 2027, details of which are set out in the circular of the Company dated 5 December 2024. Other than disclosed above, there was no engagement between the Group and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group, the Sinopharm Group or any other party to the Sinopharm Distribution Framework Agreement (2025 Renewal), or their respective substantial shareholder(s) or connected person(s), as defined under the Hong Kong Listing Rules. Accordingly, we are qualified to give independent advice on the Sinopharm Distribution Framework Agreement (2025 Renewal) and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted

from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation on the terms of the Sinopharm Distribution Framework Agreement (2025 Renewal) (including the Proposed Annual Caps), we have taken into account the principal factors and reasons set out below:

1. Background to and reasons for the Proposed Continuing Connected Transactions

(a) The Group

The Company is principally engaged in (i) research and development, production and sale of monoclonal antibody (mAb) drugs and the provision of related technical services (except for the development and application of human stem cells, genetic diagnosis and therapy technology) and (ii) the transfer of its own technology and provision of the related technology consultation services.

As disclosed in the Company's interim report for the six months ended 30 June 2025 (the "**2025 Interim Report**"), seven products (27 indications) of the Group have been successfully approved for marketing in Mainland China, including five products out of the Group Products, namely HANQUYOU (trastuzumab, HLX02), HANBEITAI (bevacizumab injection, HLX04), HANSIZHUANG (serplulimab injection, HLX10), HANNAIJIA (neratinib) and FUTUONING (fovinaciclib), which are authorised by the Group to be distributed by Sinopharm for sale under the Sinopharm Distribution Framework Agreement. In August 2024, the Company licensed in HANNAIJIA, with a view to achieving sequential treatment with HANQUYOU, to further reduce the 5-year and 10-year postoperative recurrence risks in patients with HER2-positive early breast cancer. As advised by the management of the Group, HANNAIJIA has completed the tendering process on the procurement platform and has been included in the medical insurance procurement platform in all provinces in Mainland China.

In addition to the above-mentioned products, as disclosed in the 2025 Interim Report, the Group has a total of approximately 50 molecules in its pipeline and over 10 research and development platforms, covering a wealth of drug forms, such as monoclonal antibody, multi-specific antibody, antibody-drug conjugates (ADC), fusion proteins, small molecule drugs and other forms of drugs. Out of which, several products have demonstrated major development over the past years, including, among others, (i) in December 2024, the new drug application (NDA) for HLX11 (pertuzumab) was accepted by the NMPA; (ii) the international multi-centre phase 3 clinical study of HLX22 (recombinant humanised anti-HER2 monoclonal antibody injection) in combination with trastuzumab and chemotherapy compared to trastuzumab and chemotherapy with or without pembrolizumab for the first-line treatment of HER2-positive, locally advanced or metastatic gastroesophageal junction cancer and gastric cancer is currently being conducted simultaneously in Mainland China, the United States, Japan and other countries/regions; and (iii) the products licensed in by the Group in recent years. All these products are expected to commercialise in the coming years and are therefore projected to be involved in the Sinopharm Distribution Framework Agreement (2025 Renewal).

As disclosed in the 2025 Interim Report, during the year of 2025, the Group's "Go Global" initiatives have yielded fruitful results. In February 2025, HANSIZHUANG in combination with chemotherapy was approved for the first-line treatment of adult patients with extensive-stage small cell lung cancer (ES-SCLC) in the European Union ("**EU**"), becoming the Group's second product approved in the EU for marketing, which has proven the recognition of international mainstream markets on the Group's innovative products. In August and September 2025, two products of HLX14 (denosumab) obtained approval in each of the United States and the EU (trade names in the United States and Europe: BILDYOS® and BILPREVDA®), whereas the approved indications cover all indications for which the original products have been approved in the local market. In addition, during the year of 2025, the Group also entered into several agreements with leading international partners and continued to advance the commercial roll-out of existing overseas collaborations for accelerating its products to commercialise in international markets.

*(b) **Sinopharm***

Sinopharm is specialised in the distribution of, among other things, pharmaceutical and healthcare products and the operation of retail pharmacies. Leveraging on its nationwide distribution and delivery network, Sinopharm provides comprehensive distribution, logistics and other value-added services to domestic and foreign manufacturers and suppliers of pharmaceutical products, medical devices and supplies and other healthcare products, and also to downstream customers including hospitals, other distributors, retail drug stores and primary health services institutions.

*(c) **Background and reason***

On 24 April 2020, in order to govern the cooperation of distribution of the Self-owned Products between the Group and the Sinopharm Group until 31 December 2022, the Sinopharm Distribution Framework Agreement was entered into between the Group and Sinopharm.

Pursuant to the Sinopharm Distribution Framework Agreement, the Company has agreed that the Sinopharm Group will be one of the distributors of certain of the Group's products. Upon the expiry of the initial term on 31 December 2022, the Sinopharm Distribution Framework Agreement was renewed for a further term of three years from 1 January 2023 to 31 December 2025. Details of such renewal were disclosed in the circular of the Company dated 1 December 2022 and an extraordinary general meeting was convened to approve the renewal on 27 December 2022.

The existing term of the Sinopharm Distribution Framework Agreement will expire on 31 December 2025. In view of the ongoing development of the Group's Products, including the clinical-stage products and their estimated commercialisation for the coming years, the Directors believe that the entering of the Sinopharm Distribution Framework Agreement (2025 Renewal) will continue to facilitate the distribution of the Group's Products by the Sinopharm Group in the ordinary and usual course of business of the Group. Accordingly, on 3 December 2025, the Group and the Sinopharm Group entered into the Sinopharm Distribution Framework Agreement (2025 Renewal) to govern the cooperation of distribution of the Group Products, which will become effective at the later of (i) the date of obtaining the approval by the Independent Shareholders and the approval by the independent shareholders of Fosun Pharma in respect of the transactions between the Fosun Pharma Group and the Sinopharm Group (including the annual caps thereunder), or (ii) 1 January 2026, and will expire on 31 December 2028. The term of the Sinopharm Distribution Framework Agreement (2025 Renewal) can be automatically renewed for a successive period of three years thereafter, subject to compliance with the Hong Kong Listing Rules.

Having considered (i) the increasing estimated sales for the marketed Group Products self-developed by the Company which is currently approved for marketing; (ii) the other products that the Group expects to license-in in the coming years, as evidenced by the increasing number of recent licensing-in collaborations with partners; and (iii) the extensive distribution network possessed by Sinopharm which the Group could leverage on broadening its potential customer bases and thereby creating commercial benefits and enhancing the brand awareness of the Group and its products in the future, we concur with the Directors' view that through distributing the Group Products through Sinopharm, the Group is able to benefit and leverage from the established and extensive sales and distribution network of Sinopharm which enable broad market penetration in Mainland China.

2. Principal terms of the Sinopharm Distribution Framework Agreement (2025 Renewal)

(a) Subject matter

Pursuant to the Sinopharm Distribution Framework Agreement (2025 Renewal), the Company agreed to sell the Group Products to the Sinopharm Group from time to time. The Sinopharm Distribution Framework Agreement (2025 Renewal) further provides that all transactions in relation to the sales of the Group Products by the Group to Sinopharm Group

must be (i) in the ordinary and usual course of business of the Group, (ii) on an arm's length basis, (iii) on normal commercial terms, and (iv) in compliance with, amongst other things, the Hong Kong Listing Rules and applicable laws.

The Sinopharm Distribution Framework Agreement (2025 Renewal) will become effective at the later of (i) the date of obtaining the approval by the Independent Shareholders and the approval by the independent shareholders of Fosun Pharma in respect of the transactions between Fosun Pharma Group and Sinopharm Group (including the annual caps thereunder), or (ii) 1 January 2026, and will expire on 31 December 2028. The term of the Sinopharm Distribution Framework Agreement (2025 Renewal) can be automatically renewed for a successive period of three years thereafter, subject to compliance with the Hong Kong Listing Rules.

(b) Pricing basis

The selling prices of the Group Products will be determined between the parties on an arm's length market basis with reference to (i) the prices of products with the same generic name or therapeutic area as recorded in the national medical insurance directories and regulatory requirements updated from time to time, including the "National Basic Medical Insurance, Industrial and Commercial Insurance and Maternity Insurance Drug Catalogue (2024)" issued by the Ministry of Human Resources and Social Security of the PRC and the "Consensus on Rules for Online Drug Listing on Provincial Pharmaceutical Procurement Platforms"; and (ii) market research analysis conducted by internal departments. The selling prices offered by the Group to the Sinopharm Group will be no more favourable than the selling prices offered by the Group to independent third parties under the same conditions.

Payments are intended to be settled by telegraphic transfer with a credit term in the range of 45 to 60 days, which is subject to the terms as set out in the individual agreements to be entered into between the Group and the Sinopharm Group from time to time.

Regarding the pricing basis, we have reviewed the "National Basic Medical Insurance, Industrial and Commercial Insurance and Maternity Insurance Drug Catalogue (2024)" issued by the Ministry of Human Resources and Social Security of the PRC and the "Consensus on Rules for Online Drug Listing on Provincial Pharmaceutical Procurement Platforms", and noted that the price of drugs listed therein shall be set with reference to the payment standard of the corresponding national negotiation drugs (which comprise innovative drugs that the Group possesses) to be offered under the basic medical insurance plan in Mainland China.

(c) Comparisons on terms of the Sinopharm Distribution Framework Agreement (2025 Renewal) with independent third parties

We have discussed with the management of the Group and reviewed sample contracts and sales invoices for the sales distribution of the Self-owned Products by Sinopharm and compared them with sample contracts and sales invoices for similar sales distribution by independent third parties. In selecting sample contracts and sales invoices for review, we have selected the top 10 transactions between the Group and Sinopharm Group for each of the year from 2023 to 2024 and for the six months ended 30 June 2025 based on its sales amounts, and compared their principal terms such as pricing terms for the distribution prices and payment terms against 36 transactions which were entered with independent third parties for sale of the same product in the same month and in the same provinces during the relevant periods. Taking into account (i) the similarity of products covered under the aforesaid samples; (ii) the sample contracts and sales invoices were effective under the period of the Sinopharm Distribution Framework Agreement; (iii) a total of 64 sample contracts and sales invoices were selected, obtained and reviewed; we are of the view that the aforesaid samples we have reviewed are sufficient, fair and representative.

Based on our review of sample contracts and the corresponding sales invoices and bank receipts, we noted that (a) the unit selling price set by the Group is no more favourable to the Sinopharm Group than that for the same product between the Group and independent third parties; (b) the payment terms for transactions between the Group and Sinopharm Group (i.e. the sales invoices are settled by means of telegraphic transfer with a credit term in the range of 45 to 60 days) is found to be consistent with similar transactions between the Group and independent third parties. Accordingly, we noted that the terms for transaction contemplated under the Sinopharm Distribution Framework Agreement (2025 Renewal) are equal to or no more favourable to the Sinopharm Group than the terms for similar transactions between the Group and independent third parties.

3. Assessment of the Proposed Annual Caps

(a) Review of historical figures

Set out below are the historical transaction amounts received by the Group from Sinopharm Group for the sales of the Self-owned Products pursuant to the Sinopharm Distribution Framework Agreement for each of the years ended 31 December 2023 and 2024 and for the nine months ended 30 September 2025:

	For the year ended 31 December 2023 *(Audited)*	**For the year ended 31 December 2024** *(Audited)*	**For the nine months ended 30 September 2025** *(Unaudited)*
Annual caps *(RMB'000)*	2,833,000	4,491,000	4,691,000 (for the year ending 31 December 2025)
Actual amount incurred *(RMB'000)*	1,916,811	2,040,813	1,692,859
Utilisation rate	67.7%	45.4%	48.1%[Note 1]

Note 1: The utilisation rate for the nine months ended 30 September 2025 is calculated by dividing the actual transaction amounts for the nine months ended 30 September 2025 by the proportionate nine-month portion of the annual cap for the year ending 31 December 2025.

As shown in the table above, the annual caps for the two years ended 31 December 2024 were moderately utilised, which was primarily attributable to (i) the actual sales proportion distributed through Sinopharm Group for the years ended 31 December 2023 and 2024 being lower than estimated; and (ii) adjustments in the timelines for obtaining marketing approvals for new indications of certain Self-Owned Products and adjustments to the timing of obtaining marketing approvals of certain products of the Group in Mainland China.

For the nine months ended 30 September 2025, the utilisation rates of the annual cap amounted to approximately 48.1%, which is calculated by dividing the actual transaction amounts for the nine months ended 30 September 2025 by the proportionate nine-month portion of the annual cap for the year ending 31 December 2025 and was generally in line with the extent of utilisation as compared to the two years ended 31 December 2024.

(b) Assessment of the Proposed Annual Caps

Pursuant to the Sinopharm Distribution Framework Agreement (2025 Renewal), the proposed annual caps for the distribution of Group Products by Sinopharm Group for the years ending 31 December 2026, 2027 and 2028 are expected to not exceed the following:

	For the year ending 31 December 2026	**For the year ending 31 December 2027**	**For the year ending 31 December 2028**
Proposed annual caps *(RMB'000)*	3,870,000	3,901,000	4,453,000

In assessing the reasonableness of the Proposed Annual Caps, we have discussed with the Company the basis and assumptions underlying the projections for the distribution of the Group Products to the Sinopharm Group. In determining the Proposed Annual Caps for the years ending 31 December 2026, 2027 and 2028, the Directors have made reference to, among other things, (i) the expected market demand for the Group Products; (ii) the sales volume of relevant Group Products to be distributed by Sinopharm taking into consideration its extensive network; (iii) potential competition landscape of the relevant Group Products; (iv) regulatory requirements; and (v) the affordability and accessibility of the Group Products. The Proposed Annual Caps are then arrived at by adopting the estimated sales amount of the Group Products to be recorded by the Group for the years ending 31 December 2026, 2027 and 2028 and multiplied by the respective estimated sales proportion to be distributed through Sinopharm Group in the respective years.

We have been provided with the projection of the estimated sales amount of the Group Products by Sinopharm Group which was prepared by the management of the Group for the purpose of determining the Proposed Annual Caps for the years ending 31 December 2026, 2027 and 2028 under the Sinopharm Distribution Framework Agreement (2025 Renewal). Based on our review and discussion with the management of the Group, such estimated sales amount was primarily determined after having taken into account the estimated changes in both the sales amounts of relevant Group Products expected to be sold by the Group for the years ending 31 December 2026, 2027 and 2028 and the estimated sales proportion to be distributed by Sinopharm Group in the respective years under the Sinopharm Distribution Framework Agreement (2025 Renewal).

Proposed Annual Caps for the two years ending 31 December 2026 and 2027

Estimated sales amount of HANQUYOU (HLX02)

Being the first product of the Group to adopt its in-house team to conduct commercialisation promotion, HANQUYOU has all along been the product of the Group which recorded the highest sales amount since 2021. As disclosed in the annual report of the Company for the year ended 31 December 2024 (the "**2024 Annual Report**"), the Group achieved revenue of HANQUYOU of approximately RMB2,692.4 million in 2024, which remains relatively stable as compared to the related revenue of approximately RMB2,644.4 million in 2023. Based on our review of the 2025 Interim Report, the Group achieved revenue of HANQUYOU of approximately RMB1,407.4 million for the six months ended 30 June 2025, which approximates to half of the revenue of HANQUYOU in 2023 and 2024. Based on the aforesaid, we noted that HANQUYOU contributed to approximately half of the total revenue from product sales of the Group during the relevant year/period under review.

As advised by the management of the Group, with the continual effort of the Group to expand the sales of HANQUYOU over the past years since its commercialisation in 2020 and in view of the launch of the other products of the Group, the Group expects the sales of HANQUYOU will reach a stable stage for the coming years and may possibly fluctuate in subsequent years as a conservative estimate. Accordingly, in coming up with the estimated sales amount of HANQUYOU for the year ending 31 December 2026, the Company made reference to the historical sales amount of HANQUYOU for the six months ended 30 June 2025 and for the two years ended 31 December 2024 in projecting the proposed annual caps for the estimated sales amounts of HANQUYOU for the year ending 31 December 2026.

In estimating the estimated sales amount of HANQUYOU for the year ending 31 December 2027, in view of the expected ramp up of sales of HANSIZUANG which is estimated to lead to an increase in its estimated sales amount (please refer to the sub-section headed below for the basis of growth rate) as compared to that in 2026, the Company projected an approximate corresponding adjustment in percentage of estimated sales amount of HANQUYOU as compared to that in 2026 as conservative estimate.

Taking into account (i) the revenue of HANQUYOU, which amounted to approximately RMB1,407.4 million for the six month ended 30 June 2025, and is generally in line with the historical sales amount of HANQUYOU for the two years ended 31 December 2024; and (ii) the expected ramp up of sales of HANSIZHUANG after its commercialisation in 2022 in Mainland China, as well as the expected commercialisation of the other products of the Group (such as HLX11 (pertuzumab)) in the coming years, which will enhance the Group's revenue base and diversify its product portfolio, resulting in a possible adjustment in the revenue proportion of HANQUYOU out of the overall revenue from product sales of the Group for the year ending 31 December 2027, we consider the estimation of the proposed annual caps of HANQUYOU for the two years ending 31 December 2026 and 2027 to be acceptable.

Estimated sales amount of HANSIZHUANG (HLX10)

As the first self-developed and approved bio-innovative drug of the Group which is commercially available in the domestic market in Mainland China since 2022, we noted that the revenue of HANSIZHUANG began to take off since 2023. As disclosed in the annual report of the Company for the year ended 31 December 2023 and the 2024 Annual Report, the Group achieved revenue of HANSIZHUANG of approximately RMB1,119.8 million and approximately RMB1,308.9 million in 2023 and 2024, respectively. Based on our discussion with the management of the Group, we are given to understand that the stable increase in revenue was primarily attributable to (i) the fact that it is the world's first anti-PD-1 mAb for the first-line treatment of extensive-stage small cell lung cancer (ES-SCLC); and (ii) the increase in sales through the expected approval of the new drug applications for HANSIZHUANG across various indications globally in recent years.

Riding on the above, in coming up with the estimated sales amount of HANSIZHUANG for the two years ending 31 December 2026 and 2027, the Company also takes into account (i) the growth rate of the historical sales amount of HANSIZHUANG for the year ended 31 December 2024, which approximates to approximately 16.9%; (ii) the estimated commercialisation of new indications of HANSIZHUANG in Mainland China, which is expected to significantly increase the sales volume of HANSIZHUANG for the coming years following the first full year of commercialisation in 2023; and (iii) the increase in estimated growing market demand of HANSIZHUANG in coming years.

We were advised that the progress was further promoted in clinical trial for innovative products, including HANSIZHUANG and other products for a range of indications, such as gastric cancer (GC), breast cancer (BC), small cell lung cancer (SCLC) etc., for the six months ended 30 June 2025. In January 2025, the recruitment of all subjects was completed in an international multi-centre phase 3 clinical study comparing HANSIZHUANG or placebo in combination with chemotherapy and concurrent radiotherapy for the treatment of limited-stage small cell lung cancer (LS-SCLC) patients. As at the Latest Practicable Date, the phase 3 clinical study comparing HANSIZHUANG or placebo in combination with chemotherapy for neo-/adjuvant treatment for gastric cancer met the primary endpoint of event-free survival

(EFS) in a planned interim analysis, evaluated by the Independent Data Monitoring Committee, supporting an early new drug application submission. All these progress provided reference for the potential commercialisation of new indications of HANSIZHUANG in Mainland China for coming years.

According to Grand View Research, Inc., a market research and consulting company based in India and the United States which database features thousands of statistics and in-depth analysis on 46 industries in 25 major countries worldwide, the global non-small cell lung cancer therapeutics market size was estimated at approximately US$21.45 billion in 2024 and is projected to reach US$43.89 billion by 2030, growing at a cumulative annual growth rate of 12.71% from 2025 to 2030. In view of such estimated growing market demand of HANSIZHUANG, we believe that the increase in the estimated sales volume of HANSIZHUANG for coming years is justified.

Taking into account (i) the estimated commercialisation of new indications of HANSIZHUANG for coming years, as evidenced by its progress in clinical trials as aforesaid; (ii) the revenue portion of HANSIZHUANG amounted to approximately one-forth of the total revenue of the Group for the six months ended 30 June 2025; and (iii) the increase in estimated growing market demand of HANSIZHUANG according to the independent market research report; we consider the estimation of the proposed annual caps of HANSIZHUANG for the two years ending 31 December 2026 and 2027 to be acceptable.

Estimated sales amount of the other Group Products

Based on our review of the sales projection provided by the Company, in estimating the Proposed Annual Caps for the two years ending 31 December 2026 and 2027, we noted that the Company also took into account the estimated sales amount of the other Group Products, including HANBEITAI (HLX04), HANNAIJIA (neratinib), HLX11 (pertuzumab), FUTUONING (fovinaciclib) and other products, which constitutes the majority of the estimated sales amount of the remaining portion of the Proposed Annual Caps for the two years ending 31 December 2026 and 2027 after excluding HANQUYOU (HLX02) and HANSIZHUANG (HLX10). Out of these products, the Group expects HLX11 (pertuzumab) to commence commercialisation in 2026 and 2027.

Taking into account (i) the fact that in December 2024, the new drug application (NDA) for HLX11 (pertuzumab) was accepted by the NMPA, which we reasonably believe that the estimated commercialisation of HLX11 (pertuzumab) to commence in 2026 and 2027 to be justifiable; (ii) the expected ramp up of sales of HANNAIJIA since the licensing in arrangement in August 2024 and the achievement of sales revenue of approximately RMB96.8 million for the six months ended 30 June 2025; and (iii) the expected increase of licensing-in products to be commercialised for coming years, as evidenced by the continual increase in sales effort to diverse and expand the product range of the Group, we concur with the management of the Group in relation to the estimation of the proposed annual caps of the aforesaid products of the Group for the two years ending 31 December 2026 and 2027, in coming up with the Proposed Annual Caps in the respective years.

Estimated sales proportion to be distributed through Sinopharm Group

Having considered (i) the historical sales proportion of the Group's Self-owned Products to be sold by Sinopharm Group, which amounted to approximately half of the overall sales of the Group; and (ii) Sinopharm Group, being the leading pharmaceutical distributor and retailer in Mainland China with pivotal sales networks and resources in the industry; we consider the Company's estimated sales proportion to be distributed by Sinopharm Group to be reasonable.

Overall comment

Considering (i) the estimated stable sales revenue of HANQUYOU, based on our review on its historical sales revenue; (ii) the foreseeable increase in sales volume of HANSIZHUANG, based on our understanding on the sales effort of the Company and our independent research; (iii) the estimation of the proposed annual caps of HANQUYOU and HANSIZHUANG already accounted for the majority of the Proposed Annual Caps, based on our review of the sales projection provided by the Company; (iv) the expected commercialisation of certain of the Group Products in 2026 and other potential licensing in products of the Group, based on our understanding with the Company on the development and marketing plans of such products; and (v) the leading distribution and retail capabilities of Sinopharm Group in Mainland China; we consider the Proposed Annual Caps for the two years ending 31 December 2026 and 2027 are justified in view of the above factors.

Proposed Annual Caps for the year ending 31 December 2028

In deriving the Proposed Annual Caps for the year ending 31 December 2028, the Company estimates that there will be a year-on-year growth of approximately 14.2% in the estimated sales amounts.

The Company primarily attributed the increase in the Proposed Annual Cap for the year ending 31 December 2028 to the estimated increase in sales of HANSIZHUANG, the expected commercialisation of more innovative products and potential licensing in products to be launched for sale in 2028, while assuming the estimated sales in aggregate of the Group Products, HANQUYOU and HANBEITAI, as well as the estimated sales proportion to be distributed by Sinopharm Group, to remain generally stable.

We are further advised by the management of the Group that the other Group Products under the Sinopharm Distribution Framework Agreement (2025 Renewal) may include products which New Drug Application (NDA) has been accepted by the Center for Drug Evaluation of the National Medical Products Administration (NMPA), or currently in the process of clinical trials, by assuming they reach commercialisation stage in 2027 and 2028, respectively. Against this backdrop, the Company also took this factor into account in projecting the Proposed Annual Cap for the year ending 31 December 2028 to cater for the expected commercialisation plan of these innovative products in 2028. Coupled with the

expected increase in the licensing in arrangement of the other Group Product for coming years in order to align with the Group's overall strategic direction in recent years, we consider the estimation of the Proposed Annual Caps for the year ending 31 December 2028 to be acceptable.

Generally speaking, in our opinion, it is in the interests of the Group and the Shareholders to determine the Proposed Annual Caps in a way that can accommodate the potential growth of the Group's business. Provided that the Proposed Continuing Connected Transactions are subject to annual review by the Independent Non-executive Directors and auditors of the Company (as discussed below) as required under the Hong Kong Listing Rules, the Group would have desirable flexibility in conducting its businesses if the Proposed Annual Caps are tailored to future business growth. In assessing the reasonableness of the Proposed Annual Caps, we have discussed with the management of the Group the factors taken into account as stated earlier in this section. We consider it reasonable for the Company to use the above factors in determining the Proposed Annual Caps.

4. Internal control procedures and corporate governance of the Group

In order to ensure the Company's conformity with the pricing policy of the Sinopharm Distribution Framework Agreement (2025 Renewal) and protect the interests of the Shareholders, the Company has adopted a series of internal control procedures and corporate governance measures. Such internal control procedures are conducted and supervised by the Company's relevant business departments, related internal audit and control department, the Independent Non-executive Directors and the external auditors of the Company:

i. The Distribution Management Department of the Group supervise the connected transactions of the Group with the Sinopharm Group monthly to ensure they are entered into in accordance with the pricing policy and other terms under the Sinopharm Distribution Framework Agreement (2025 Renewal);

ii. If any revision or adjustment on the terms (including without limitation, adjustments in distribution price due to relevant regulatory requirements, the addition of new products for distribution or inclusion of new regions for distribution) of the individual agreement under the Sinopharm Distribution Framework Agreement (2025 Renewal) is necessary, provided such revision or adjustment is in compliance with the Sinopharm Distribution Framework Agreement (2025 Renewal), an approval application process will be made by the Distribution Management Department through the Group's internal procedure system for distribution agreements and approved by, among others, the Board Secretary Office. The Board Secretary Office will review and confirm that the proposed revisions to the terms align with the adjusted terms offered to independent third parties for similar products and locations prior to granting such approval;

iii. The related internal audit and control department of the Company monitors and supervises the continuing connected transactions of the Company on a monthly basis, including verifying the unit prices of Group Products in invoices provided by the Finance Department are consistent with the prices under the individual agreements under Sinopharm Distribution Framework Agreement (2025 Renewal), and to ensure they are entered into: (a) in accordance with the pricing policy under the Sinopharm Distribution Framework Agreement (2025 Renewal); (b) in the ordinary and usual course of business of the Group; (c) on normal commercial terms or better; and (d) according to the Sinopharm Distribution Framework Agreement (2025 Renewal) on terms that are fair and reasonable and in the interests of the Company and Shareholders as a whole; and

iv. The Finance Department reports actual transaction amounts to the Distribution Management Department and Board office on a monthly basis. If the actual transaction amounts under the Sinopharm Distribution Framework Agreement (2025 Renewal) is expected to exceed the Proposed Annual Caps (i.e. when 75% of the relevant annual caps have been utilised), the Distribution Management Department will liaise with the Finance Department and Board Secretary Office to initiate an approval application process in order to comply with all applicable requirements under the Group's internal control policy as well as under the Hong Kong Listing Rules.

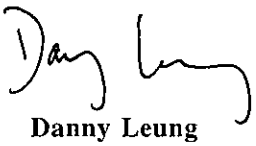
In assessing whether the above internal control measures are put in place and effectively implemented, we have obtained and reviewed internal system documentation regarding the approval of the 83, 84 and 66 transactions contemplated including the Sinopharm Distribution Framework Agreement entered between the Group and Sinopharm Group for each of the two years ended 31 December 2024 and for the six months ended 30 June 2025, and noted that the transactions contemplated thereunder were properly authorised and monitored. We have also obtained and reviewed 10 samples of the monthly transaction reports prepared by the finance department of the Group regarding the Sinopharm Distribution Framework Agreement and noted that the actual transaction amounts were properly recorded and monitored on a monthly basis to ensure that the proposed annual caps were not exceeded. In addition, as discussed in the section headed "2. Principal terms of the Sinopharm Distribution Framework Agreement (2025 Renewal)", we noted that the unit selling price set by the Group is no more favourable to the Sinopharm Group than that for the same product between the Group and independent third parties during January 2023 to June 2025. As such, we are of the view that the above internal control measure adopted by the Group for monitoring the transactions contemplated under the Sinopharm Distribution Framework Agreement (2025 Renewal) have been effectively implemented.

Having considered the above, in particular (i) that the pricing policy under the Sinopharm Distribution Framework Agreement (2025 Renewal) has been adhered in accordance with the Group's internal control procedures; (ii) the ongoing monitoring of the transactions under the Sinopharm Distribution Framework Agreement (2025 Renewal); and (iii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the Sinopharm Distribution Framework Agreement (2025 Renewal) and the proposed annual caps thereunder, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the Sinopharm Distribution Framework Agreement (2025 Renewal) will be appropriately monitored that assists to safeguard the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Proposed Continuing Connected Transactions are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the Sinopharm Distribution Framework Agreement (2025 Renewal) (including the Proposed Annual Caps) are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, that the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Proposed Continuing Connected Transactions (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited



Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.