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KELUN-BIOTECH
科伦博泰

Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.

四川科倫博泰生物醫藥股份有限公司

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

(Stock Code: 6990)

CONNECTED TRANSACTION PURCHASE OF EQUIPMENT

INTRODUCTION

The Board hereby announces that on June 28, 2024, the Company entered into the Equipment Purchase Agreement with Kelun Precision, a wholly-owned subsidiary of Kelun Pharmaceutical, pursuant to which the Company as purchaser agreed to purchase and Kelun Precision as vendor agreed to sell the Equipment at a consideration of RMB6,240,004.12 (equivalent to approximately HK\$6,837,012.01).

LISTING RULES IMPLICATIONS

Kelun Precision is a wholly-owned subsidiary of Kelun Pharmaceutical, a controlling shareholder of the Company. Therefore, Kelun Precision is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Purchase constitutes a connected transaction for the Company under the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) for the Purchase is more than 0.1% but less than 5%, the Purchase is subject to the reporting and announcement requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. LIU Gexin, being a Director, has abstained from voting on the Company's board resolution(s) for approving the Equipment Purchase Agreement and the Purchase in view of his material interest by being the chairman and actual controller of Kelun Pharmaceutical. Dr. GE Junyou, Mr. LIU Sichuan, Mr. LAI Degui and Mr. FENG Hao, being the Directors, have abstained from voting on the Company's board resolution(s) for approving the Equipment Purchase Agreement and the Purchase in view of their material interest by being directors and/or senior management and/or shareholders of Kelun Pharmaceutical. Save as aforesaid, no other Director has any material interest in the Purchase and was required to abstain from voting.

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THE EQUIPMENT PURCHASE AGREEMENT

The principal terms of the Equipment Purchase Agreement are set out as follows:

Date of agreement	June 28, 2024
Parties	(1) the Company as purchaser; and (2) Kelun Precision as vendor.
Subject matter	The Company agrees to purchase, and Kelun Precision agrees to sell, the Equipment.

The original acquisition cost of the Equipment paid by Kelun Precision was RMB6,850,405.72 (equivalent to approximately HK\$7,505,813.34) inclusive of value added tax. The book value of the Equipment as recorded in the latest accounts of Kelun Precision is RMB5,522,127.49 (equivalent to approximately HK\$6,050,453.05).

Consideration	The total consideration for the sale and purchase of the Equipment under the Equipment Purchase Agreement is RMB6,240,004.12 (equivalent to approximately HK\$6,837,012.01), comprising RMB5,522,127.49 (equivalent to the book value of the Equipment) and value added tax of RMB717,876.63. The consideration shall be payable in cash upon the completion of installation and testing of the Equipment and the passing of the purchaser's site acceptance test.
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The consideration was negotiated on an arm's length basis between the Company and Kelun Precision on normal commercial terms with reference to the book value of the Equipment and the prevailing market prices of similar equipment sold by independent third party vendors.

The Directors are of the view that the consideration is fair and reasonable. The payment of the consideration will be funded by internal resources of the Company.

Delivery

Kelun Precision shall deliver the Equipment to the Company's address within seven (7) days from the date of the Equipment Purchase Agreement.

The Company and Kelun Precision shall conduct an unpacking inspection of the Equipment. In the event the Equipment does not pass the unpacking inspection, the Company may reject the Equipment and Kelun Precision shall replace the Equipment or remedy the defect within seven (7) days of the Company's request, failing which Kelun Precision shall pay 0.005% of the total consideration under the Equipment Purchase Agreement for each subsequent day until the defect is remedied.

Upon the passing of the unpacking inspection, Kelun Precision shall install and test the Equipment within five (5) business days thereof and conduct a final inspection. In the event the Equipment does not pass the final inspection, Kelun Precision shall remedy the defect within seven (7) days of the Company's request.

Termination

If Kelun Precision fails to remedy a defect of the Equipment (i) within 30 days after the expiry of the seven (7) day remedial period after the unpacking inspection, or (ii) within seven (7) days of the Company's request after the final inspection, the Company shall be entitled to terminate the Equipment Purchase Agreement. In such event, Kelun Precision shall return all amounts paid by the Company and pay 20% of the total consideration under the Equipment Purchase Agreement to the Company within seven (7) days of termination.

Warranty

Kelun Precision shall provide a warranty period of twelve (12) months commencing from the date on which the Equipment passes the final inspection.

INFORMATION ON THE PARTIES

The Company is a biopharmaceutical company, principally engaged in the R&D, manufacturing and commercialization of novel drugs in oncology, immunology and other therapeutic areas.

Kelun Precision is a biotechnology company, principally engaged in medical research, cell technology R&D and application and human gene diagnosis and treatment technology development. Kelun Precision is a wholly-owned subsidiary of Kelun Pharmaceutical, a controlling shareholder of the Company. Kelun Pharmaceutical is principally engaged in the manufacturing of IV (intravenous) fluids solution products and antibiotics intermediates and listed on the Shenzhen Stock Exchange (stock code: 002422). As of the date of this announcement, Mr. LIU Gexin, a Director, is the actual controller of Kelun Pharmaceutical.

REASONS FOR AND BENEFITS OF THE TRANSACTION

R&D is a key component of the Group's business development, and the Group continuously seeks to enhance its in-house R&D capabilities. The availability for sale of the Equipment by Kelun Precision is a timely opportunity for the Group to purchase, and the Group has purchased, a large quantity of laboratory and desk equipment to build upon its existing R&D capabilities and improve its day-to-day operational efficiency. The Equipment is suitable for the Group's R&D needs, is in good working condition, is compatible with the Group's existing R&D apparatus and can be used by the Group after installation without requiring material modification. In addition, the Purchase is of a large quantity of Equipment, which enables the Group to address its R&D needs on a larger scale, and is more convenient and cost effective than making separate purchases of the same equipment from multiple third party vendors. Moreover, the Group will benefit from the expertise and resources of Kelun Precision in the purchase, installation and testing of the Equipment. The enhancement of the Group's R&D capabilities through the completion of this Purchase will ultimately support the continued advancement of the Group's drug development programs and commercialization objectives.

Taking the above into consideration, the Directors (including the independent non-executive Directors) are of the view that the terms of the Equipment Purchase Agreement are fair and reasonable, the transaction thereunder is on normal commercial terms and in the ordinary and usual course of business of the Group, and is in the interests of the Company and its Shareholders as a whole.

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DEFINITIONS

“Board”	the board of directors of the Company
“Company”	Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. (四川科倫博泰生物醫藥股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 6990)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equipment”	the equipment to be purchased by the Company from Kelun Precision under the Equipment Purchase Agreement, which comprises around 250 laboratory and desk equipment, such as medical freezers, biosafety cabinets, centrifuge machines, liquid nitrogen tanks, cell counters, sterilisers, incubators, drying ovens, scales, vacuum pumps, electrophoresis apparatus, pipettes and pipette controllers, vortex mixers, inverted microscopes, electric thermal tanks, chromatography machines, printers and laptops
“Equipment Purchase Agreement”	the equipment purchase agreement dated June 28, 2024 entered into between the Company as purchaser and Kelun Precision as vendor in relation to the sale and purchase of the Equipment
“Group”	the Company and its subsidiaries
“Kelun Pharmaceutical”	Sichuan Kelun Pharmaceutical Co., Ltd. (四川科倫藥業股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002422), and a controlling shareholder of the Company
“Kelun Precision”	Chengdu Kelun Precision Biotechnology Co. (成都科倫精準生物科技有限公司), a company incorporated in the PRC with limited liability, and a wholly-owned subsidiary of Kelun Pharmaceutical
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)

“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall not include the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase”	the purchase of the Equipment by the Company pursuant to the terms and conditions of the Equipment Purchase Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“%”	per cent

For the purpose of this announcement and for illustrative purposes only, conversion of RMB into HK\$ is based on the exchange rate of RMB0.91268: HK\$1. No representation is made that the RMB amounts could be or will be converted at the rate indicated, or at all.

By order of the Board
Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd.
LIU Gexin
Chairman of the Board and Non-executive Director

Hong Kong, June 28, 2024

As at the date of this announcement, the Board comprises Mr. LIU Gexin as the chairman of the Board and non-executive Director, Dr. GE Junyou as executive Director, Mr. LIU Sichuan, Mr. LAI Degui, Mr. FENG Hao, Mr. ZENG Xuebo and Mr. LI Dongfang as non-executive Directors, and Dr. ZHENG Qiang, Dr. TU Wenwei, Dr. JIN Jinping, and Dr. LI Yuedong as independent non-executive Directors.