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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)

SUPPLEMENTARY ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTION REVISION OF TERMS AND ANNUAL CAPS FOR AUXILIARY R&D SERVICES FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated August 19, 2024 in relation to the continuing connected transaction regarding revision of terms and annual caps for the Auxiliary R&D Services Framework Agreement (the “**Announcement**”). The Board wishes to provide supplemental information in relation to the sales and purchases of the Auxiliary R&D Equipment contemplated under the Auxiliary R&D Services Framework Agreement (as amended and supplemented by the Supplemental Agreement). Unless otherwise stipulated herein, terms used in this announcement shall have the same meanings as given to them in the Announcement.

PRICING POLICY

The consideration of the Auxiliary R&D Equipment will be negotiated on an arm's length basis between the Group and the Remaining Kelun Group on normal commercial terms with reference to the book value of the R&D equipment and materials and the prevailing market prices of similar equipment and materials sold by independent third party vendors.

The prices of the purchase of the Auxiliary R&D Equipment by the Group from the Remaining Kelun Group will be determined with reference to:

- (1) to the extent available to the Group, the book value of the Auxiliary R&D Equipment as recorded in the latest accounts of the Remaining Kelun Group;
- (2) the prices of similar equipment and/or materials in comparable transactions conducted by the Group with independent third parties during the same period (if any), to ensure that price to be paid by the Company for the Auxiliary R&D Equipment to the Remaining Kelun Group will not be higher than the price paid by the Company in comparable transactions; and

- (3) the recent market prices of comparable transactions, by making enquiries on market prices of similar materials and/or equipment with industry players and conducting researches on industry websites, and then compare the references with the prices quoted by Remaining Kelun Group to ensure that the price to be paid by the Company for the Auxiliary R&D Equipment to the Remaining Kelun Group will not be higher than the price offered by independent suppliers to the Company. To implement this policy, the management of the Company would solicit at least two other contemporaneous transactions with independent third parties for the materials or equipment in similar quantities for comparison.

The prices of the sale of the Auxiliary R&D Equipment by the Group to the Remaining Kelun Group will be determined with reference to:

- (1) the book value of the R&D equipment and/or materials as recorded in the latest accounts of the Group;
- (2) the prices of similar equipment and/or materials in comparable transactions conducted by the Group with independent third parties during the same period (if any), to ensure that the price to be received by the Company for the Auxiliary R&D Equipment from the Remaining Kelun Group will not be lower than the price received by the Company in comparable transactions; and
- (3) the recent market prices of comparable transactions, by making enquiries on market prices of similar materials and/or equipment with industry players and conducting researches on industry websites, to ensure that the price to be received by the Company for the Auxiliary R&D Equipment from the Remaining Kelun Group will not be lower than the price offered by independent third party purchasers to the Company (if any). To implement this policy, the management of the Company would solicit at least two other contemporaneous transactions with independent third parties for the materials or equipment in similar quantities for comparison.

In implementing the above pricing policies and principles, the internal audit department of the Company or the departments responsible for the connected transactions of the Company will assess the terms of proposed connected transactions, in particular the pricing, with reference to the above pricing policies and principles. Such internal audit department will be monitored by the Audit Committee of the Company. The final price will be implemented after confirmation of the internal audit department or the departments responsible for the connected transactions of the Company with reference to the above pricing policies and principles and after the approval of the general manager or the deputy general manager or other authorized management personnel of the Company or the relevant subsidiaries.

FURTHER DETAILS OF THE AUXILIARY R&D EQUIPMENT

As disclosed in the Announcement, the Auxiliary R&D Equipment to be sold or purchased by the Company pursuant to the Auxiliary R&D Services Framework Agreement are auxiliary R&D and other miscellaneous equipment and materials, which include, without limitation, laboratory equipment, instruments and machines, engineering materials, reagents and consumables.

These Auxiliary R&D Equipment could be broadly categorized into (1) equipment and machines, and (2) materials and consumables. The Group will make the purchases/sales based primarily on the Group's commercial needs.

For equipment and machines, the Company sells those equipment and machines that are no longer expected to be required for the Group's business. On the other hand, when the Group is looking to acquire some equipment or machines, and the Remaining Kelun Group happens to have such equipment or machines that it no longer needs, the Group may consider acquiring such equipment or machines from the Remaining Kelun Group, provided that the Group is satisfied with the conditions of such equipment or machines, which are believed to be suitable for Group's business needs.

For materials and consumables, since the materials and consumables usually have an expiry date, there are circumstances when certain materials or consumables are not in immediate use and may expire and be wasted if not resold. As such, the Company will consider selling such materials or consumables if they are suitable for the needs of the Remaining Kelun Group, or on the other way around, the Group will purchase such materials or consumables from the Remaining Kelun Group at terms no less favourable to the Group.

For completeness, there will not be circumstances where the same item of equipment and machine or materials and consumables which was previously sold by the Group to the Remaining Kelun Group is purchased back by the Group from the Remaining Kelun Group, or vice versa.

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

Hong Kong, August 30, 2024

As at the date of this announcement, the board of directors of the Company 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.