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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)

BUSINESS UPDATE AND CONTINUING CONNECTED TRANSACTIONS

BUSINESS UPDATE

The Board is pleased to announce that three of the Company's products, being (1) ADC Sacituzumab Tirumotecan (sac-TMT, also known as SKB264/MK-2870) (brand name: 佳泰莱®), (2) Cetuximab N01 Injection (formerly A140) (brand name: 达泰莱®) and (3) Tagitanlimab (also known as A167) (brand name: 科泰莱®), have been included in the National Reimbursement Drug List (醫保目錄), as announced by the National Healthcare Security Administration and the Ministry of Human Resources and Social Security of the PRC on December 7, 2025. Notably, there are two indications of ADC Sacituzumab Tirumotecan being included in the National Reimbursement Drug List.

CONTINUING CONNECTED TRANSACTIONS

Introduction

Reference is made to the prospectus of the Company dated June 29, 2023 and the announcements of the Company dated August 19, 2024, August 30, 2024 and February 12, 2025 in relation to certain continuing connected transactions. Each of (1) 2025 Promotional Services Framework Agreement and (2) the Amended Auxiliary R&D Services Framework Agreement (collectively, the "**Existing CCT Agreements**") will expire on December 31, 2025.

In light of the above, on December 15, 2025, the Company has entered into (1) 2026 Promotional Services Framework Agreement, (2) 2026 Auxiliary R&D Services Framework Agreement and (3) 2026 Procurement and Sale of Equipment and Materials Framework Agreement (collectively, "**Kelun Pharm CCTs**"), each for a term of three years commencing from January 1, 2026 to December 31, 2028.

Listing Rules Implications

Kelun Pharmaceutical is a controlling shareholder of the Company. Therefore, Kelun Pharmaceutical is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the 2026 Procurement and Sale of Equipment and Materials Framework Agreement and 2026 Auxiliary R&D Services Framework Agreement and the transactions contemplated thereunder constitute a continuing connected transaction for the Company under the Listing Rules.

Sichuan Kelun Jiaxun Pharmaceutical Technology Co., Ltd. (四川科倫嘉訊醫藥科技有限責任公司) is a wholly-owned subsidiary of Kelun Pharmaceutical. Therefore, Kelun Jiaxun is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2026 Promotional Services Framework Agreement constitute a continuing connected transaction for the Company under the Listing Rules.

When aggregating the continuing connected transaction contemplated under each of Kelun Pharm CCTs, the highest applicable percentage ratio (as defined under the Listing Rules) of the aggregated annual caps over the terms of Kelun Pharm CCTs exceeds 5%. Therefore, each of Kelun Pharm CCTs and the transactions contemplated thereunder are subject to the reporting, announcement, independent Shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

Voting at the EGM

The EGM will be convened to consider, if thought fit, to approve each of Kelun Pharm CCTs.

An independent board committee comprising all independent non-executive Directors has been formed to advise the Independent Shareholders with respect to the each of Kelun Pharm CCTs. In this respect, Altus Capital has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

A circular containing, among others, details of each of Kelun Pharm CCTs and the transactions contemplated thereunder, the advice from the Independent Board Committee and the advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, together with the notice convening the EGM, is expected to be despatched to the Shareholders on or before December 15, 2025.

LICENSING AGREEMENT

Reference is made to the Prospectus in relation to the patent and technology license agreement entered into between Kelun Research Institute, a wholly-owned subsidiary of Kelun Pharmaceutical, as the licensor, and the Company, as the licensee, in relation to A167 on January 12, 2017 (the "**Licensing Agreement**"). As disclosed in the Prospectus, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 14A.53 of the Listing Rules so as to allow the Company to set the annual caps in relation to continuing connected transactions under the Licensing Agreement as the formula in accordance with the terms as set out in the Licensing Agreement. As the waiver will expire on December 31, 2025, upon review and assessment, the Board has proposed and approved the annual caps in monetary amounts for the transactions contemplated under the Licensing Agreement for the three years ending December 31, 2026, 2027 and 2028, respectively.

As the highest applicable percentage ratio (as defined under the Listing Rules) of the highest annual caps for the transactions contemplated under the Licensing Agreement for the three years ending December 31, 2026, 2027 and 2028 is less than 0.1%, the Licensing Agreement and the transactions contemplated thereunder fall within the de minimis threshold under Rule 14A.76(1)(a) of the Listing Rules and are exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will closely monitor the performance of the Licensing Agreement on an on-going basis and will comply with the applicable requirements under Chapter 14A of the Listing Rules.

BUSINESS UPDATE

The Board is pleased to announce that three of the Company's products, being (1) ADC Sacituzumab Tirumotecan (sac-TMT, also known as SKB264/MK-2870) (brand name: 佳泰莱®), (2) Cetuximab N01 Injection (formerly A140) (brand name: 达泰莱®) and (3) Tagitanlimab (also known as A167) (brand name: 科泰莱®), have been included in the National Reimbursement Drug List (醫保目錄), as announced by the National Healthcare Security Administration and the Ministry of Human Resources and Social Security of the PRC on December 7, 2025. Notably, there are two indications of ADC Sacituzumab Tirumotecan being included in the National Reimbursement Drug List.

CONTINUING CONNECTED TRANSACTIONS

Introduction

Reference is made to the prospectus of the Company dated June 29, 2023 and the announcements of the Company dated August 19, 2024, August 30, 2024 and February 12, 2025 in relation to certain continuing connected transactions. Each of (1) 2025 Promotional Services Framework Agreement and (2) the Amended Auxiliary R&D Services Framework Agreement (collectively, the "**Existing CCT Agreements**") will expire on December 31, 2025.

In light of the above, on December 15, 2025, the Company has entered into (1) 2026 Promotional Services Framework Agreement, (2) 2026 Auxiliary R&D Services Framework Agreement and (3) 2026 Procurement and Sale of Equipment and Materials Framework Agreement (collectively, "**Kelun Pharm CCTs**"), each for a term of three years commencing from January 1, 2026 to December 31, 2028.

The service scope of the existing Amended Auxiliary R&D Services Framework Agreement include (1) the provision and the procurement of the Auxiliary R&D Services and (2) the sale and purchase of the Auxiliary R&D Equipment, which are two distinct categories of transactions with different nature and pricing policies. Therefore, the Company considers that it would be more appropriate to regulate the Auxiliary R&D Services-related transactions and the Auxiliary R&D Equipment-related transactions under separate framework agreements with respective annual caps. Such separation will also enable the Company to better monitor the transaction amounts and evaluate the performance of the respective transactions. As such, with the upcoming expiration of the Amended Auxiliary R&D Services Framework Agreement, the Company entered into two separate framework agreements, namely the 2026 Auxiliary R&D Services Framework Agreement and the 2026 Procurement and Sale of Equipment and Materials Framework Agreement.

A. 2026 Promotional Services Framework Agreement

1. Principal terms

The principal terms of the 2026 Promotional Services Framework Agreement and further details of the transactions thereunder are set out as follows, which are substantially the same as those of the 2025 Promotional Services Framework Agreement:

Date of agreement December 15, 2025

Parties (1) the Company; and

(2) Sichuan Kelun Jiaxun Pharmaceutical Technology Co., Ltd. (四川科倫嘉訊醫藥科技有限責任公司).

Term January 1, 2026 to December 31, 2028

Subject matter The Company shall engage Kelun Jiaxun to provide, within the PRC and targeting medical end customers, promotional, marketing planning and end customer access services for Cetuximab N01 Injection, including but not limited to market research, market development, doctor and patient visits, academic promotion and maintenance of business (the "**Promotional Services**").

In respect of the terms of specific promotional services of Cetuximab N01 Injection contemplated under the 2026 Promotional Services Framework Agreement, the Company and Kelun Jiaxun may enter into individual promotional services agreements. In the event that the terms of an individual promotional services agreement and the 2026 Promotional Services Framework Agreement conflict, the terms of the 2026 Promotional Services Framework Agreement shall prevail.

The 2026 Promotional Services Framework Agreement further provides that all transactions contemplated thereunder shall be conducted in compliance with the terms of the 2026 Promotional Services Framework Agreement, the Listing Rules and applicable laws and regulations.

Consideration and Pricing Policies

The Company shall pay promotional services fee(s) to Kelun Jiaxun. The services fees to be paid by the Company to Kelun Jiaxun for the specific promotional services under the 2026 Promotional Services Framework Agreement ("**Service Fees**") has been negotiated on an arm's length basis between the Company and Kelun Jiaxun on normal commercial terms.

The Services Fees shall be set forth in an individual promotional services agreement and shall be determined in accordance with an agreed service fees structure between the Company and Kelun Jiaxun ("**Service Fees Structure**"). The Service Fees Structure was determined taking into account the following:

(1) the nature, complexity and value of the Promotional Services involved over the term of the 2026 Promotional Services Framework Agreement, taking into account the early stage of commercialization of Cetuximab N01 Injection, and the expected costs and expenses in carrying out the Promotional Services (including but not limited to cost of staff and supplies);

(2) the fees of independent third party promotional services providers for provision of the Promotional Services for Cetuximab N01 Injection to ensure that the Service Fees to be charged by Kelun Jiaxun shall be no less favourable to the Company than the fee charged by independent third party promotional services providers under similar conditions. The management of the Company has solicited fee quotes from more than three independent third party promotional services providers for the same or similar promotional services. Since the service fee structure proposed to be charged by the independent third parties and by Kelun Jiaxun varied in terms of (i) level of base fee (if any), (ii) fee stages and (iii) sales milestones to be achieved and fee scale at different milestones, in order to make a meaningful comparison, the Company has normalized the service fees to be charged by the independent third parties and by Kelun Jiaxun over a 10-year period, based on the estimated sales volume of Cetuximab N01 Injection that the Group expects to achieve. It then compared the Company's rates of return that can be achieved under the different fee structures proposed by the independent third parties and Kelun Jiaxun to ensure that the Service Fees to be charged by Kelun Jiaxun shall be no less favourable to the Company than the fee charged by independent third party promotional services providers under similar conditions; and

(3) the recent market fees of promotional services offered to similar or comparable companies. The Company has conducted researches on industry websites and other public sources and enquired into the recent market fees of same or similar promotional services provided to similar or comparable companies (which are independent of the Group) by their promotional services providers, to ensure that the Service Fees are not higher than such market fees.

Payment terms The promotional services fee(s) payable under the 2026 Promotional Services Framework Agreement shall be payable on a monthly basis with a credit period of up to 30 days.

2. Historical Amounts

Set out below are (1) the historical transaction amount paid by the Company to Kelun Jiaxun under the 2025 Promotional Services Framework Agreement from February 12, 2025 to October 31, 2025, (2) the annual cap of the 2025 Promotional Services Framework Agreement for the year ending December 31, 2025:

2025 Promotional Services Framework Agreement	*(RMB'000)*
Historical transaction amount from February 12, 2025 to October 31, 2025	4,729
Annual cap for the year ending December 31, 2025	35,000

3. Annual Caps

The proposed annual caps for the transactions contemplated under the 2026 Promotional Services Framework Agreement are set out below:

	From January 1, 2026 to December 31, 2026 *(RMB'000)*	**From January 1, 2027 to December 31, 2027** *(RMB'000)*	**From January 1, 2028 to December 31, 2028** *(RMB'000)*
Proposed annual caps	210,000	378,000	432,000

Basis of Determination of Annual Caps

The annual caps were determined based on the following factors:

(i) the historical transaction amounts incurred under 2025 Promotional Services Framework Agreement and the expected stable growth in demand for Cetuximab N01 Injection in the PRC during the term of the 2026 Promotional Services Framework Agreement.

a. **The reasons for the low utilization rate of the historical annual caps.** Based on the historical transaction amounts, the utilization rates of the historical annual caps throughout the 2025 Promotional Services Framework Agreement were lower than originally anticipated. The relatively low utilization rates are mainly attributable to Cetuximab N01 Injection being still in its first year of launch and is awaiting the approval of its reimbursable status under the National Reimbursement Drug List (醫保目錄). Meanwhile, two competing products have already obtained reimbursable status and are being sold in hospitals. Coupled with stringent controls on non-reimbursable prescriptions outside hospitals, actual sales volume of Cetuximab N01 Injection had thus far been lower than the original plan and hence the corresponding promotional expenses actually incurred were also lower;

b. **The expected stable growth in demand for Cetuximab N01 Injection in the PRC.** The Company expects a growth in the entire market size of Cetuximab-based treatments (including for Cetuximab N01 Injection and its competing products) in the near future mainly because Cetuximab N01 Injection has been included in the National Reimbursement Drug List (醫保目錄) since December 7, 2025. Prior to the reimbursement coverage, the market share of Cetuximab N01 Injection was approximately 1% in 2025. With broadened patient accessibility and reduced out-of-pocket burden, the Company expects a significant growth in the demand for Cetuximab N01 Injection in the PRC. In particular, the Company expects that the market share of Cetuximab N01 Injection will increase to more than 20% in 2026 and will progressively increase in each year for the two years ending December 31, 2028. Such market share of Cetuximab N01 Injection is an estimate only and is determined after taking into account the following factors: (1) as there are currently two other competitors who are already in the National Reimbursement Drug List, there are in total three market players (inclusive of the Company) providing Cetuximab-based treatment

for certain colorectal cancer; (2) the Company's Cetuximab N01 Injection is relatively newer to the National Reimbursement Drug List and it might be difficult to achieve equal market share among the three market players at early stage; and (3) with adequate marketing efforts, the Company believes Cetuximab N01 Injection can achieve a higher market share as its presence is progressively established. Due to the significant increase in market share, there is a need for adopting higher annual caps during the term of the 2026 Promotional Services Framework Agreement.

(ii) the estimated stable growth in sales volume of Cetuximab N01 Injection promoted by Kelun Jiaxun considering the ability of Kelun Jiaxun to promote and sell Cetuximab N01 Injection, and the scale and sophistication of the promotional services of Kelun Jiaxun and the network of downstream customers of Kelun Jiaxun. With adequate marketing efforts, Cetuximab N01 Injection can achieve greater market share as its presence is progressively established;

(iii) the market conditions for the promotion of Cetuximab N01 Injection during the term of the 2026 Promotional Services Framework Agreement and any applicable laws and policies with respect to the pricing, procurement and retailing of pharmaceutical products in the PRC; and

(iv) the need for a buffer for any unexpected further increase in the transaction amounts under the 2026 Promotional Services Framework Agreement, which may be caused by any unexpected increase in market demand for Cetuximab N01 Injection or any unexpected increase in costs and expenses of the Promotional Services during the effective term of the 2026 Promotional Services Framework Agreement.

In view of the above, the Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, consider that the proposed annual caps under the 2026 Promotional Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Reasons for and benefits of entering into the 2026 Promotional Services Framework Agreement

Kelun Jiaxun provides comprehensive promotional services, such as sales planning, sales channel management and marketing. Kelun Jiaxun is familiar with promoting pharmaceutical products in the PRC. In particular, Kelun Jiaxun has dedicated resources and experience with respect to the promotion of pharmaceutical products for colorectal cancer (CRC) indications. The entry into the Promotional Services Framework Agreement with Kelun Jiaxun would enable the Company to leverage Kelun Jiaxun's existing resources to promote Cetuximab N01 Injection and more effectively reach its sales targets. In addition, since the obtaining of marketing authorization for Cetuximab N01 Injection in February 2025, the Company has established a good working relationship with Kelun Jiaxun in connection with the market management services for Cetuximab N01 Injection. The Company believes that Kelun Jiaxun has the necessary industry knowledge to effectively provide the services under the 2026 Promotional Services Framework Agreement, and that engaging Kelun Jiaxun would avoid the initial costs associated with engaging a new service provider with whom the Company has no prior cooperation.

Taking the above into consideration, the Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, are of the view that the terms of the 2026 Promotional Services Framework Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole.

B. 2026 Auxiliary R&D Services Framework Agreement

The Company and Kelun Pharmaceutical (for itself and on behalf of the Remaining Kelun Group) entered into the Original Auxiliary R&D Services Framework Agreement on June 1, 2023, which was amended and supplemented by the Supplemental Auxiliary R&D Services Framework Agreement dated August 19, 2024. Pursuant to the Supplemental Auxiliary R&D Services Framework Agreement, the original scope under the Original Auxiliary R&D Services Framework Agreement was revised to include the Auxiliary R&D Equipment that the Group sells and purchases to/from the Remaining Kelun Group (the "**Additional Scope**").

The service scope of the existing Amended Auxiliary R&D Services Framework Agreement include (1) the provision and the procurement of the Auxiliary R&D Services and (2) the sale and purchase of the Auxiliary R&D Equipment, which are two distinct categories of transactions with different nature and pricing policies. Therefore, the Company considers that it would be more appropriate to regulate the Auxiliary R&D Services-related transactions and the Auxiliary R&D Equipment-related transactions under separate framework agreements with respective annual caps. Such separation will also enable the Company to better monitor the transaction amounts and evaluate the performance of the respective transactions. As such, with the upcoming expiration of the Amended Auxiliary R&D Services Framework Agreement, the Company entered into two separate framework agreements, namely the 2026 Auxiliary R&D Services Framework Agreement and the 2026 Procurement and Sale of Equipment and Materials Framework Agreement.

The principals terms of the 2026 Auxiliary R&D Services Framework Agreement and the 2026 Procurement and Sale of Equipment and Materials Framework Agreement, collectively, are substantially the same as those of the Amended Auxiliary R&D Services Framework Agreement.

1. Principal terms

The principal terms of the 2026 Auxiliary R&D Services Framework Agreement and further details of the transactions thereunder are set out as follows, which are substantially the same as the Original Auxiliary R&D Services Framework Agreement:

Date of agreement	December 15, 2025
Parties	(1) the Company; and (2) Sichuan Kelun Pharmaceutical Co., Ltd. (四川科倫藥業股份有限公司) (for and on behalf of the Remaining Kelun Group)
Term	January 1, 2026 to December 31, 2028

Subject matter

(1) The Company shall engage Kelun Pharmaceutical and/or the Remaining Kelun Group to carry out auxiliary R&D services, including but not limited to process development and optimization, sample purification, crystallization screening, GMP batch release testing, packing material releasing testing and production of raw materials and formulation. (2) Kelun Pharmaceutical and/or the Remaining Kelun Group shall engage the Company to provide auxiliary R&D services, including but not limited to preclinical toxicology, pharmacology studies (including toxicology, pharmacokinetics, pharmacodynamic and other screening studies), clinical biostatistics, data management, quality control and clinical audit.

There is no overlapping between the auxiliary R&D services provided by and to Kelun Pharmaceutical.

In respect of the terms of engagement of the Auxiliary R&D Services contemplated under the 2026 Auxiliary R&D Services Framework Agreement, the Company and Kelun Pharmaceutical may enter into individual Auxiliary R&D Services agreements. In the event that the terms of an individual Auxiliary R&D Services agreement and the 2026 Auxiliary R&D Services Framework Agreement conflict, the terms of the 2026 Auxiliary R&D Services Framework Agreement shall prevail.

The 2026 Auxiliary R&D Services Framework Agreement further provides that all transactions contemplated thereunder shall be conducted in compliance with the terms of the 2026 Auxiliary R&D Services Framework Agreement, the Listing Rules and the applicable laws and regulations.

Consideration and Pricing Policies

The services fees of the procurement and provision of the Auxiliary R&D Services will be based on cost-plus basis according to (i) the actual cost of provisions of such services (such as the labor cost and the cost of consumables used for providing the services); plus (ii) the agreed margin rates.

To determine the actual cost of provisions of such services, the finance department of each of the Company and Kelun Pharmaceutical will record the costs incurred by itself for each project under the 2026 Auxiliary R&D Services Framework Agreement. The two finance departments will then share with each other the relevant cost information with supporting cost records (such as invoices and receipts), and each of the finance departments will review and verify the cost of the other party with the assistance of its own business department, and conduct monthly reconciliation of their respective cost as and when necessary. Such costs will also be reviewed and audited by the external independent auditors on a yearly basis.

The margin rates are determined through arm's length negotiation with reference to the range between the lower quartile and the upper quartile of the three-year weighted average cost-plus-margins of comparable companies offering similar services as stated in a transfer pricing analysis report (the "**Transfer Pricing Report**") prepared by one of the Big Four professional firms, which is independent and has extensive experience in transfer pricing analysis. The Transfer Pricing Report will be used for determining the applicable margin rate throughout the entire term of the 2026 Auxiliary R&D Services Framework Agreement, unless parties determine it necessary to obtain an updated report for determination of the margin rate based on results of internal review.

In respect of the mechanism of formulating the range of margins, the Transfer Pricing Report adopts a structured screening process to identify ten comparable companies in Asia to establish the appropriate margin range. The main screening process consists of (1) database selection, (2) application of screening criteria and (3) manual qualitative reviews. Examples of screening criteria include industry characteristics (such as healthcare, scientific research and experimental development, medical laboratories, testing laboratories and biological research services) and geographical characteristics (such as companies listed in Shanghai, Shenzhen and Beijing stock exchanges). In addition, during the manual qualitative reviews, potential comparable companies with business activities not sufficiently similar to the nature of Auxiliary R&D Services, significant corporate events adversely affecting normal operations and other abnormalities will be excluded to ensure comparability.

After arm's length negotiation and taking into account the range of margin rate derived from the Transfer Pricing Report, the parties agreed to select a margin rate near the median of the range of the margin rate in the Transfer Pricing Report as the margin rate to be used for the 2026 Auxiliary R&D Services Framework Agreement. Such margin rate is a fixed margin rate between 10.0% and 19.9% and will be applied to all transactions contemplated under the 2026 Auxiliary R&D Services Framework Agreement.

The Directors consider the use of Transfer Pricing Report a reasonable and acceptable practice to determine margin of auxiliary R&D services as such report is prepared by a professional, reputable and independent expert and provides an objective view supported by the qualitative and quantitative analysis with scientific methodology, and the range of the margin provided in the Transfer Pricing Report were derived from the market comparables therefore could reflect the prevailing market prices. As such, this ensures that the pricing for each individual transaction remains consistent with market standards and aligned with arm's-length principle. In view of the above, the Directors are of the view that the pricing policy would be able to ensure the pricing of the Auxiliary R&D Services would be fair and reasonable and on normal commercial terms or better.

Payment terms The services fees payable under the 2026 Auxiliary R&D Services Framework Agreement shall be payable on a quarterly basis, depending on the terms of the individual Auxiliary R&D Services agreements.

2. *Historical Amounts*

From the Listing Date to December 31, 2023

	Procurement of Auxiliary R&D Services from the Remaining Kelun Group *(RMB'000)*	**Provision of Auxiliary R&D Services to the Remaining Kelun Group** *(RMB'000)*
Historical transaction amount from the Listing Date to December 31, 2023	11,369	2,597
Annual cap for the year ending December 31, 2023 based on the Original Auxiliary R&D Services Framework Agreement	22,000	16,000

Set out below are (1) the historical transaction amount under the Amended Auxiliary R&D Services Framework Agreement for the year ended December 31, 2024 and the period from January 1, 2025 to October 31, 2025 and (2) the annual cap of the Original Auxiliary R&D Services Framework Agreement for the two years ending December 31, 2025. Given that the service scope of the 2026 Auxiliary R&D Services Framework Agreement only includes procurement and provision of Auxiliary R&D Services but not Auxiliary R&D Equipment, only the historical transaction amounts with respect to the provision and procurement of the Auxiliary R&D Services (but not the Auxiliary R&D Equipment) under Amended Auxiliary R&D Services Framework Agreement will be considered in determining the proposed annual caps of the 2026 Auxiliary R&D Services Framework Agreement. As such, the historical transaction amounts with respect to the provision and procurement of the Auxiliary R&D Services (but not the Auxiliary R&D Equipment) under Amended Auxiliary R&D Services Framework Agreement for the year ended December 31, 2024, and the period from January 1, 2025 to October 31, 2025 are also set out below.

From January 1, 2024 to October 31, 2025

(1) Historical transaction amount under the Amended Auxiliary R&D Services Framework Agreement

	For the year ended December 31, 2024 *(RMB'000)*	**From January 1, 2025 to October 31, 2025** *(RMB'000)*
Procurement of Auxiliary R&D Services and Auxiliary R&D Equipment from the Remaining Kelun Group	17,334	9,930
Provision of Auxiliary R&D Services and Auxiliary R&D Equipment to the Remaining Kelun Group	7,269	6,051

(2) Annual cap under the Amended Auxiliary R&D Services Framework Agreement

	For the year ended December 31, 2024 *(RMB'000)*	For the year ending December 31, 2025 *(RMB'000)*
Procurement of Auxiliary R&D Services and Auxiliary R&D Equipment from the Remaining Kelun Group	19,000	17,000
Provision of Auxiliary R&D Services and Auxiliary R&D Equipment to the Remaining Kelun Group	17,000	18,000

(3) Historical transaction amount with respect to the provision and procurement of the Auxiliary R&D Services (but not the Auxiliary R&D Equipment) under Amended Auxiliary R&D Services Framework Agreement

	For the year ended December 31, 2024 *(RMB'000)*	From January 1, 2025 to October 31, 2025 *(RMB'000)*
Procurement of Auxiliary R&D Services from the Remaining Kelun Group	17,003	9,631
Provision of Auxiliary R&D Services to the Remaining Kelun Group	6,738	6,021

3. Annual Caps

The proposed annual caps for the transactions contemplated under the 2026 Auxiliary R&D Services Framework Agreement are set out below:

	From January 1, 2026 to December 31, 2026 *(RMB'000)*	**From January 1, 2027 to December 31, 2027** *(RMB'000)*	**From January 1, 2028 to December 31, 2028** *(RMB'000)*
Proposed annual caps for the procurement of Auxiliary R&D Services from the Remaining Kelun Group	14,000	15,000	16,000
Proposed annual caps for the provision of Auxiliary R&D Services to the Remaining Kelun Group	12,000	13,000	14,000

Basis of Determination of Annual Caps

The annual caps for the procurement of Auxiliary R&D Services from the Remaining Kelun Group were determined based on the following factors:

(i) the historical transaction amounts in respect of the Company's procurement of the Auxiliary R&D Services and the projected growth in transaction amounts of the Auxiliary R&D Services for the three years ending December 31, 2028.

a. **An overall trajectory of growth in the historical transaction amounts in respect of the Company's procurement of the Auxiliary R&D Services.** The Company's procurement of Auxiliary R&D Services from the Remaining Kelun Group had increased by 49.5% from RMB11.37 million in 2023 to RMB17.0 million in 2024. For the ten months ended October 31, 2025, the procured amount of Auxiliary R&D Services from the Remaining Kelun Group was RMB9.6 million. Annualizing this figure for analysis, the full year amount for 2025 would be approximately RMB11.56 million, resulting in a compound annual growth rate (CAGR) for the Company's procurement of Auxiliary R&D Services from the Remaining Kelun Group being of around 1% between 2023 and 2025;

b. **The reasons for the low utilization rate of the historical annual caps.** The reasons for the relatively low utilization rates in certain years are mainly attributable to the fact that the historical annual caps under the Amended Auxiliary R&D Services Framework Agreement have included both amounts for procurement and/or provision Auxiliary R&D Services, and amounts for procurement and/or sales of auxiliary R&D equipment. Meanwhile, the actual historical transaction amounts stated above were related to the portion of Auxiliary R&D Services only, which distorted the historical utilization rate.

c. **The projected growth in transaction amounts of the Auxiliary R&D Services for the three years ending December 31, 2028.** The Company expects that the annual caps of the procurement of Auxiliary R&D Services in terms of transaction amounts will grow at an annual rate of around 8% for each of the three years ending December 31, 2028. This was determined with reference to (i) the CAGR for the Company's procurement of Auxiliary R&D Services from the Remaining Kelun Group between 2023 and 2025 being approximately 1%; (ii) the Group's historical growth rate of research and development expenses in recent years, which increased by 21.9% for the year ended December 31, 2023 as compared to the year ended December 31, 2022 and further increased by 17.0% for the year ended December 31, 2024 and (iii) factors such as the increasing need for Auxiliary R&D Services by the Group in the event of discovery of new and potential pharmaceutical products;

(ii) the fee rates of the Auxiliary R&D Services charged by the Remaining Kelun Group and the expected fluctuation in the rate; and

(iii) the relevant service provision capacity of Remaining Kelun Group in providing Auxiliary R&D Services.

The annual caps for the provision of Auxiliary R&D Services to the Remaining Kelun Group were determined based on the following factors:

(i) the historical transaction amounts in respect of the Company's provision of the Auxiliary R&D Services and the projected growth in transaction amounts of the Auxiliary R&D Services for the three years ending December 31, 2028.

a. **An overall trajectory of growth in the historical transaction amounts in respect of the Company's provision of the Auxiliary R&D Services.** The Company's provision of Auxiliary R&D Services to the Remaining Kelun Group had increased by 159.4% from RMB2.6 million in 2023 to RMB6.7 million in 2024. For the ten months ended October 31, 2025, the amount of Auxiliary R&D Services provided to the Remaining Kelun Group was RMB6.0 million. Annualizing this figure for analysis, the full year amount for 2025 would represent 7.2% growth as compared to that in 2024. The CAGR for the Company's provision of Auxiliary R&D Services to the Remaining Kelun Group between 2023 and 2025 was approximately 67%;

b. **The reasons for the low utilization rate of the historical annual caps.** The relatively low utilization rate is due to two main reasons. Firstly, the Company's focus on the R&D of its own innovative drugs, resulting in its limited spare capacity to provide Auxiliary R&D services to the Remaining Kelun Group as initially planned. Secondly, the historical annual caps under the Amended Auxiliary R&D Services Framework Agreement have included both (i) amounts for procurement and/or provision Auxiliary R&D Services; and (ii) amounts for procurement and/or sales of auxiliary R&D equipment. Meanwhile, the actual historical transaction amounts stated above were related to the portion of Auxiliary R&D Services only, which distorted the historical utilization rate.

c. **The projected growth in transaction amounts of the Auxiliary R&D Services for the three years ending December 31, 2028.** The Company expects that the annual caps of the provision of Auxiliary R&D Services in terms of transaction amounts for the year ending December 31, 2026 will increase by 50% as compared to the respective historical transaction amounts for the year ending December 31, 2025 with reference to the historical growth rates of the transaction amounts between 2023 and 2025. The CAGR for the Company's provision of Auxiliary R&D Services to the Remaining Kelun Group between 2023 and 2025 was around 67%. The Company further expects that the annual caps of the provision of Auxiliary R&D Services shall increase by about 8% from the 2026 amounts for the two years ending December 31, 2028. This was determined with reference to the Group's historical growth rate of research and development expenses in recent years; and

(ii) the fee rates of the Auxiliary R&D Services charged by the Company and the expected fluctuation in the rate; and

(iii) the relevant service provision capacity of the Group in providing Auxiliary R&D Services.

In view of the above, the Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, consider that the proposed annual caps under the 2026 Auxiliary R&D Services Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. Reasons for and benefits of entering into the 2026 Auxiliary R&D Services Framework Agreement

The Auxiliary R&D Services provided by the Remaining Kelun Group are not core to the Company's R&D activities. It is common for pre-profit biopharmaceutical companies like the Company to outsource these auxiliary R&D services to third parties so the pre-profit biopharmaceutical companies can concentrate on core R&D of their drug candidates. The Company has been engaging the Remaining Kelun Group to provide the Auxiliary R&D Services because (i) the Remaining Kelun Group has competent and reliable expertise in providing such Auxiliary R&D Services and can provide such services at arm's length and with good quality; and (ii) the Company has been cooperating with the Remaining Kelun Group for the Auxiliary R&D Services for a number of years and the Remaining Kelun Group is familiar with the Company's quality requirement for these services. In addition, the Company has been providing Auxiliary R&D Services to the Remaining Kelun Group. The Remaining Kelun Group will continue to procure the Auxiliary R&D Services from the Company because the Company's drug development capabilities has been proven to meet the needs and requirements of the Remaining Kelun Group. Continuous procuring and providing the Auxiliary R&D Services from/to the Remaining Kelun Group can reduce the Company's costs associated with involving in prolonged negotiations with new service providers and customers, and cooperating with them in run-in period.

Taking the above into consideration, the Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, are of the view that the terms of the 2026 Auxiliary R&D Services Framework Agreement are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole.

C. 2026 Procurement and Sale of Equipment and Materials Framework Agreement

1. Principal terms

The principal terms of the 2026 Procurement and Sale of Equipment and Materials Framework Agreement and further details of the transactions thereunder are set out as follows, which are substantially the same as the Additional Scope set out in the Supplemental Auxiliary R&D Services Framework Agreement:

Date of agreement December 15, 2025

Parties

(1) the Company; and

(2) Sichuan Kelun Pharmaceutical Co., Ltd. (四川科倫藥業股份有限公司) (for and on behalf of the Remaining Kelun Group)

Term January 1, 2026 to December 31, 2028

Subject matter The Company shall (1) procure from Kelun Pharmaceutical and/or the Remaining Kelun Group or (2) provide Kelun Pharmaceutical and/or the Remaining Kelun Group with the R&D and other miscellaneous equipment and materials, including but not limited to laboratory equipment, instruments and machines, engineering materials, reagents and consumables (collectively, the "**Auxiliary R&D Equipment**").

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.

In respect of the terms of procurement and/or sale of Auxiliary R&D Equipment contemplated under the 2026 Procurement and Sale of Equipment and Materials Framework Agreement, the Company and Kelun Pharmaceutical may enter into individual procurement and/or sale of equipment and materials agreements. In the event that the terms of an individual procurement and/or sale of equipment and materials agreement and the 2026 Procurement and Sale of Equipment and Materials Framework Agreement conflict, the terms of the 2026 Procurement and Sale of Equipment and Materials Framework Agreement shall prevail.

The 2026 Procurement and Sale of Equipment and Materials Framework Agreement further provides that all transactions contemplated thereunder shall be conducted in compliance with the terms of the 2026 Procurement and Sale of Equipment and Materials Framework Agreement, the Listing Rules and the applicable laws and regulations.

Consideration and Pricing Policies

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) the book value, depreciation amount and acquisition cost of the Auxiliary R&D Equipment as recorded in the latest accounts of the Remaining Kelun Group, which will be provided by the Remaining Kelun Group upon the Company's request. To verify the book value of the Auxiliary R&D Equipment and determine whether the depreciation policy adopted is fair and reasonable, the Company will calculate the book value based on the information provided by the Remaining Kelun Group and by reference to other relevant information disclosed in the latest financial report(s) of Kelun Pharmaceutical. As Kelun Pharmaceutical is a company listed on and regulated by the Shenzhen Stock Exchange, such depreciation policies shall follow the accounting standard as disclosed in its financial reports;

(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).

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.

Payment terms In respect of the procurement/sale of large equipment and machines, the fees payable under the 2026 Procurement and Sale of Equipment and Materials Framework Agreement shall be paid on a payment-on-delivery basis.

In respect of the procurement/sale of small equipment and devices, materials and consumables, the fees payable under the 2026 Procurement and Sale of Equipment and Materials Framework Agreement shall be payable on a quarterly basis, subject to the terms of the individual Auxiliary R&D Services agreements.

2. *Historical Amounts*

Set out below are (1) the historical transaction amount under the Amended Auxiliary R&D Services Framework Agreement for the year ended December 31, 2024, and the period from January 1, 2025 to October 31, 2025 and (2) the annual cap of the Amended Auxiliary R&D Services Framework Agreement for the year ended December 31, 2024 and the year ending December 31, 2025. Given that the service scope of the 2026 Procurement and Sale of Equipment and Materials Framework Agreement only includes the procurement and sale of Auxiliary R&D Equipment, only the historical transaction amounts with respect to the procurement and sale of the Auxiliary R&D Equipment (but not the Auxiliary R&D Services) under the Amended Auxiliary R&D Services Framework Agreement will be considered in determining the proposed annual caps of the 2026 Procurement and Sale of Equipment and Materials Framework Agreement. As such, the historical transaction amounts with respect to the procurement and sale of the Auxiliary R&D

Equipment (but not the Auxiliary R&D Services) under Amended Auxiliary R&D Services Framework Agreement for the period from August 19, 2024 to December 31, 2024 and the period from January 1, 2025 to October 31, 2025 are also set out below.

(1) Historical transaction amount under the Amended Auxiliary R&D Services Framework Agreement

	For the year ended December 31, 2024 *(RMB'000)*	**From January 1, 2025 to October 31, 2025** *(RMB'000)*
Procurement of Auxiliary R&D Services and Auxiliary R&D Equipment from the Remaining Kelun Group	17,334	9,930
Provision of Auxiliary R&D Services and Auxiliary R&D Equipment to the Remaining Kelun Group	7,269	6,051

(2) Annual cap of under the Amended Auxiliary R&D Services Framework Agreement

	For the year ended December 31, 2024 *(RMB'000)*	**For the year ending December 31, 2025** *(RMB'000)*
Procurement of Auxiliary R&D Services and Auxiliary R&D Equipment from the Remaining Kelun Group	19,000	17,000
Provision of Auxiliary R&D Services and Auxiliary R&D Equipment to the Remaining Kelun Group	17,000	18,000

(3) Historical transaction amount with respect to the provision and procurement of the Auxiliary R&D Equipment (but not the Auxiliary R&D Services) under Amended Auxiliary R&D Services Framework Agreement

	From August 19, 2024 to December 31, 2024 *(RMB'000)*	**From January 1, 2025 to October 31, 2025** *(RMB'000)*
Procurement of Auxiliary R&D Equipment from the Remaining Kelun Group	332	299
Provision of Auxiliary R&D Equipment to the Remaining Kelun Group	532	30

3. Annual Caps

The proposed annual caps for the transactions contemplated under the 2026 Procurement and Sale of Equipment and Materials Framework Agreement are set out below:

	From January 1, 2026 to December 31, 2026 *(RMB'000)*	**From January 1, 2027 to December 31, 2027** *(RMB'000)*	**From January 1, 2028 to December 31, 2028** *(RMB'000)*
Proposed annual caps for the procurement of Auxiliary R&D Equipment from the Remaining Kelun Group	3,160	3,160	3,160
Proposed annual caps for the provision of Auxiliary R&D Equipment to the Remaining Kelun Group	1,500	1,500	1,500

Basis of Determination of Annual Caps

The annual caps for the procurement and sale of Auxiliary R&D Equipment from the Remaining Kelun Group were determined based on the following factors:

(i) the fee rates of the Auxiliary R&D Equipment charged by the Group and the Remaining Kelun Group, and the expected fluctuation in the rate;

(ii) the historical transaction amounts in respect of the Group's procurement/provision of the Auxiliary R&D Equipment from/to the Remaining Kelun Group;

(iii) the anticipated demand for the Auxiliary R&D Equipment from the Group and the Remaining Kelun Group. In particular, the Company expects a growth in its demand for the Auxiliary R&D Equipment for the three years ending December 31, 2028 due to three main reasons. Firstly, the Company has made reference to the equipment that is currently leased by the Company from the Remaining Kelun Group, which is idle for the Remaining Kelun Group, with an aggregate value of approximately RMB9.0 million. It is expected that the Company will gradually purchase these leased assets from the Remaining Kelun Group, which are anticipated to be utilized by the Company over the three years ending December 31, 2028, resulting in an average purchasing amount of approximately RMB3.0 million per year. Secondly, in respect of the auxiliary R&D consumables, the Company noted that it has utilized the average annual procurement amount of approximately RMB210,000 over the year ended December 31, 2024 and the ten months ended October 31, 2025 and adopted such as the base reference. Thirdly, the Company anticipated demand from the Group driven by its R&D progress of its product candidates through 2025, considering the strengths, limitations and anticipated improvement of the Group's existing R&D capabilities; and

(iv) the anticipated availability of Auxiliary R&D Equipment of the Group and the Remaining Kelun Group and expected fluctuation in market value of the Auxiliary R&D Equipment. In particular, the Company has considered the availability of certain assets which are expected to become idle and the surplus consumables with an aggregate book value of approximately RMB1.9 million that are both held by the Group. Taking into account the historical sales amount to the Remaining Kelun Group and the potential additional surplus quantities arising from future operations, the Company expects potential disposal of the certain assets and gradual disposal of consumables over the next three years.

The Directors, whereby the independent non-executive Directors' opinion will be subject to the advice of the Independent Financial Adviser, consider that the proposed annual caps under 2026 Procurement and Sale of Equipment and Materials Framework Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

4. *Reasons for and benefits of entering into the 2026 Procurement and Sale of Equipment and Materials Framework Agreement*

The Group has procured and provided the Auxiliary R&D Equipment from/to the Remaining Kelun Group since 2024. The two parties are familiar with and meet each other's R&D practices and quality requirement. Over the course of the Group's co-operation with the Remaining Kelun Group, it has come to the Group's attention that, in connection with the Auxiliary R&D Services, the Remaining Kelun Group has R&D equipment and materials available for sale from time to time, which is suitable to meet the R&D needs of the Group. At the same time, the Group has available R&D equipment and materials which is suitable to the R&D needs of the Remaining Kelun Group. The entry into the 2026 Procurement and Sale of Equipment and Materials Framework Agreement would enable the Group to continue to purchase and sell such R&D equipment and materials from/to the Remaining Kelun Group. Purchases made by the Group would enable the Group to steadily build on its existing R&D capabilities and improve its day-to-day operational efficiency. Further, continuous purchases/sales of the Auxiliary R&D Equipment from/to the Remaining Kelun Group can reduce the Group's costs associated with prolonged negotiations with new providers and customers, provide a reliable and cost-effective source of R&D equipment and materials for both parties, giving the Group flexibility to purchase or sell such equipment and materials as and when the need arises, and thereby enabling the Group and the Remaining Kelun Group to fine-tune and optimize its allocation of R&D resources.

Taking the above into consideration, the Directors, including the independent non-executive Directors, are of the view that the terms of the 2026 Procurement and Sale of Equipment and Materials Framework Agreement are fair and reasonable, the transactions thereunder are on normal commercial terms and in the ordinary and usual course of business of the Group, and are in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to ensure that the transactions contemplated under the Kelun Pharm CCTs are conducted in accordance with the terms of the agreement, on normal commercial terms and in accordance with the pricing policies and principles above, the Company will comply with its existing internal control measures, which include the following:

(1) transaction will be conducted pursuant to an individual agreement which complies with the terms of the Kelun Pharm CCTs and the pricing policies and principles above. The individual agreement will be approved by each of the relevant departments, including but not limited to the legal and finance departments, the deputy general managers of the Company and finally the general manager of the Company, who will execute the agreement;

(2) when assessing the applicable fees under an individual agreement, the Company will collect the relevant information on market fees or fees (as applicable) and share it with the relevant departments, and ensure that the fees under the individual agreement will be consistent with the pricing policy as stipulated in the Kelun Pharm CCTs:

    (i) Promotional services: The Service Fees Structure has been agreed between the parties. Kelun Jiaxun will provide a monthly report summarizing the promotional services they have provided in the relevant month, setting out the particulars including without limitation the types and the times of the campaigns and other promotional services conducted by Kelun Jiaxun (as applicable). The business department, compliance department and sales department of the Company will then review such report and assess on a monthly basis whether the services fees charged by Kelun Jiaxun strictly follow the Service Fees Structure. If the services fees proposed by Kelun Jiaxun do not follow the Service Fees Structure, the Company will discuss with Kelun Jiaxun to agree on the services fees to ensure that it is consistent with the Service Fees Structure before the finance department of the Company proceeds to make payment to Kelun Jiaxun.

    (ii) Auxiliary R&D services: The Company will (i) review the terms of the transactions to ensure that prices are fair and reasonable, and properly reflect the level of costs incurred in the transactions; (ii) ensure the fixed margin rate as agreed between the parties is adopted for each individual transactions; and (iii) conduct internal review of the scope of Auxiliary R&D Services on a yearly basis (or more frequently if it is determined necessary) to determine whether updated transfer pricing analysis report shall be obtained for the determination of the margin rate. To ensure that the costs under the Auxiliary R&D Services could be verified, the finance department

of the Company and Kelun Pharmaceutical will separately record the costs incurred for each project under the 2026 Auxiliary R&D Services Framework Agreement and conduct monthly reconciliation of their respective cost records to ensure that both parties maintain consistent and accurate cost information.

(iii) Procurement and Sale of Equipment and Materials: The Company will make 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. In the event that market price information is not available, the Company will verify the book value of the Auxiliary R&D Equipment and determine whether the depreciation policy adopted is fair and reasonable by requesting the relevant information of the book value, depreciation amount and acquisition cost as recorded in the latest accounts of the Remaining Kelun Group and by reference to other relevant information disclosed in the latest financial report(s) of Kelun Pharmaceutical.

The information on market fees or fees (as applicable), among other things, will be made available to the relevant departments and personnel for their reference as detailed below:

(i) For the assessment of the applicable fees under an individual promotional services agreement, the information will be made available to the sales department.

(ii) For the assessment of the applicable fees under an individual auxiliary R&D services agreement, the information will be made available to the clinical outsourcing management department.

(iii) For the assessment of the applicable fees under an individual procurement and sale of equipment and materials agreement: information in relation to the procurement and sale of equipment will be made available to the equipment, power & engineering department; information in relation to the procurement of materials will be made available to the purchasing department; information in relation to the sale of materials will be made available to the logistics department.

(3) the internal audit department of the Company and the departments responsible for the connected transactions of the Company will monitor the transactions under the Kelun Pharm CCTs, in particular to monitor that the Company is paying or receiving from the relevant connected party the applicable fees stipulated in the relevant individual agreement and seek further information from individual departments where necessary to ensure, among other things, that such transactions are conducted in accordance with the terms of the Kelun Pharm CCTs and the pricing policies and principles above. Such internal audit department will be monitored by the Audit Committee of the Company; and

(4) the finance department will closely monitor the actual transaction amounts under the Kelun Pharm CCTs and closely and continuously review such amounts against the applicable annual cap. The finance department will conduct monthly review on the actual transaction amounts under the Kelun Pharm CCTs. When the total transaction amounts under the Kelun Pharm CCTs exceed 80% of the relevant annual cap, the finance team will determine there is a possibility that the relevant annual cap may be exceeded and timely report to the management of the Company, which may consider actions to ensure compliance with the Listing Rules, including obtaining the approval from independent Shareholders to revise the proposed annual cap if necessary.

Pursuant to the Listing Rules, the independent non-executive Directors and the auditor of the Company will conduct an annual review of the continuing connected transaction under the Kelun Pharm CCTs in respect of whether, among other things, the transaction was conducted in accordance with the terms of the Kelun Pharm CCTs and whether the relevant proposed annual cap has been exceeded.

The Company will continue to adopt and implement such internal procedures and corporate governance measures for all ongoing and proposed continuing connected transactions of the Company in order to ensure that the pricing mechanism and terms of the transactions, whether it relates to sales or procurement, are fair and reasonable and no less favourable than the terms provided by any independent third parties, so as to ensure that they serve the interests of the Company and its Shareholders as a whole.

By implementing such internal control measures and procedures, the Directors (including the independent non-executive Directors) consider that the Company has sufficient internal control measures and procedures to ensure that the transactions contemplated under the Kelun Pharm CCTs will be on normal commercial terms and no less favorable to the Company than that available from independent third parties.

INFORMATION OF THE PARTIES

The Company

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 Jiaxun

Sichuan Kelun Jiaxun Pharmaceutical Technology Co., Ltd. (四川科倫嘉訊醫藥科技有限責任公司) is principally engaged in the provision of promotional services of pharmaceutical products, and 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.

Kelun Pharmaceutical

Kelun Pharmaceutical is 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.

LISTING RULES IMPLICATIONS

Kelun Pharmaceutical is a controlling shareholder of the Company. Therefore, Kelun Pharmaceutical is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, each of the 2026 Auxiliary R&D Services Framework Agreement and 2026 Procurement and Sale of Equipment and Materials Framework Agreement and the transactions contemplated thereunder constitutes a continuing connected transaction for the Company under the Listing Rules.

Sichuan Kelun Jiaxun Pharmaceutical Technology Co., Ltd. (四川科倫嘉訊醫藥科技有限責任公司) is a wholly-owned subsidiary of Kelun Pharmaceutical. Therefore, Kelun Jiaxun is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2026 Promotional Services Framework Agreement constitute a continuing connected transaction for the Company under the Listing Rules.

When aggregating the continuing connected transaction contemplated under each of Kelun Pharm CCTs, the highest applicable percentage ratio (as defined under the Listing Rules) of the aggregated annual caps over the terms of Kelun Pharm CCTs exceeds 5%. Therefore, each of Kelun Pharm CCTs and the transactions contemplated thereunder are subject to the reporting, announcement, independent Shareholders' approval and annual review requirements 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 each of Kelun Pharm CCTs and the transactions contemplated thereunder 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, Mr. FENG Hao and Ms. LIAO Yihong, being the Directors, have abstained from voting on the Company's board resolution(s) for approving each of Kelun Pharm CCTs and the transactions contemplated thereunder 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 each of Kelun Pharm CCTs and the transactions contemplated thereunder and was required to abstain from voting.

EGM

The Company will convene an EGM during which an ordinary resolution will be proposed to the Independent Shareholders to approve each of Kelun Pharm CCTs and the transactions contemplated thereunder including the proposed annual caps for the respective transactions.

Each of Kelun Pharmaceutical, Mr. LIU Gexin, Dr. GE Junyou, Mr. LIU Sichuan, Mr. LAI Degui, Mr. FENG Hao, Ms. LIAO Yihong and their respective associates who have material interests in each Kelun Pharm CCTs and the transactions contemplated thereunder are required to abstain from voting on the relevant resolution at the EGM.

As at December 8, 2025, Kelun Pharmaceutical and its associates held 153,791,255 Shares of the Company (representing 65.95% of the total issued share capital of the Company), and the equity interest in the Company held by each of Mr. LIU Gexin, Dr. GE Junyou, Mr. LIU Sichuan, Mr. LAI Degui, Mr. FENG Hao and Ms. LIAO Yihong were all held through Kelun Pharmaceutical and/or its associates.

Save as disclosed above, to the best of the Directors' knowledge and belief having made all reasonable enquiries, none of the Shareholders are required to abstain from voting on the proposed resolutions in relation to the Kelun Pharm CCTs and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors has been established to consider approving each of each of Kelun Pharm CCTs and to advise and make recommendations to the Independent Shareholders as to how to vote at the EGM on the resolutions in relation to Kelun Pharm CCTs. No member of the Independent Board Committee has any material interest in each of each of Kelun Pharm CCTs and the transactions contemplated thereunder.

Altus Capital has been appointed as the Independent Financial Adviser in accordance with the Listing Rules to advise the Independent Board Committee and Independent Shareholders as to whether the terms of Kelun Pharm CCTs are fair and reasonable and whether the terms of Kelun Pharm CCTs are on normal commercial terms, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and how to vote on each of each of Kelun Pharm CCTs and the transactions contemplated thereunder.

A circular containing, among others, details of each of Kelun Pharm CCTs and the transactions contemplated thereunder, the advice from the Independent Board Committee and the advice from the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders, together with the notice convening the EGM, is expected to be despatched to the Shareholders on or before December 15, 2025.

LICENSING AGREEMENT

Reference is made to the Prospectus in relation to the patent and technology license agreement entered into between Kelun Research Institute, a wholly-owned subsidiary of Kelun Pharmaceutical, as the licensor, and the Company, as the licensee, in relation to A167 on January 12, 2017 (the "**Licensing Agreement**"). As disclosed in the Prospectus, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 14A.53 of the Listing Rules so as to allow the Company to set the annual caps in relation to continuing connected transactions under the Licensing Agreement as the formula in accordance with the terms as set out in the Licensing Agreement. As the waiver will expire on December 31, 2025, upon review and assessment, the Board has proposed and approved the annual caps in monetary amounts for the transactions contemplated under the Licensing Agreement for the three years ending December 31, 2026, 2027 and 2028, respectively.

As the highest applicable percentage ratio (as defined under the Listing Rules) of the highest annual caps for the transactions contemplated under the Licensing Agreement for the three years ending December 31, 2026, 2027 and 2028 is less than 0.1%, the Licensing Agreement and the transactions contemplated thereunder fall within the de minimis threshold under Rule 14A.76(1)(a) of the Listing Rules and are exempt from the annual review, reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will closely monitor the performance of the Licensing Agreement on an on-going basis and will comply with the applicable requirements under Chapter 14A of the Listing Rules.

"2024 Annual Report"	the annual report of the Company for the year ended December 31, 2024
"2025 Promotional Services Framework Agreement"	the promotional services framework agreement dated February 12, 2025 between the Company and Kelun Jiaxun, details of which are set out in the announcement of the Company dated February 12, 2025
"2026 Auxiliary R&D Services Framework Agreement"	the auxiliary R&D services framework agreement dated December 15, 2025 between the Company and Kelun Pharmaceutical
"2026 Procurement and Sale of Equipment and Materials Framework Agreement"	the procurement and sale of equipment and materials framework agreement dated December 15, 2025 between the Company and Kelun Pharmaceutical
"2026 Promotional Services Framework Agreement"	the promotional services framework agreement dated December 15, 2025 between the Company and Kelun Jiaxun
"Affiliates"	With respect to any specified company, any subsidiary of such specified company, any company controlling such specified company, and any company under common control with such specified company
"Amended Auxiliary R&D Services Framework Agreement"	the auxiliary R&D services framework agreement dated June 1, 2023, between the Company and Kelun Pharmaceutical (for itself and on behalf of the Remaining Kelun Group), as amended and supplemented by the supplementary auxiliary R&D services framework agreement dated August 19, 2024 between the Company and Kelun Pharmaceutical, details of which are set out in the announcements of the Company dated August 19, 2024 and August 30, 2024
"Auxiliary R&D Equipment"	auxiliary R&D and other miscellaneous equipment and materials, which include, without limitation, laboratory equipment, instruments and machines, engineering materials, reagents and consumables

"Auxiliary R&D Services"	auxiliary R&D services, which include (1) the procurement of auxiliary R&D services, including but not limited to process development and optimization, sample purification, crystallization screening, GMP batch release testing, packing material releasing testing and production of raw materials and formulation, from Kelun Pharmaceutical and/or the Remaining Kelun Group, and (2) the provision of auxiliary R&D services, including but not limited to preclinical toxicology, pharmacology studies (including toxicology, pharmacokinetics, pharmacodynamic and other screening studies), clinical biostatistics, data management, quality control and clinical audit to Kelun Pharmaceutical and/or the Remaining Kelun Group
"Board"	the board of directors of the Company
"Cetuximab N01 Injection"	Cetuximab N01 Injection (formerly A140) (brand name: 达泰莱®), a recombinant epidermal growth factor receptor (EGFR) human-mouse chimeric monoclonal antibody developed by the Company
"Company"	Sichuan Kelun-Biotech Biopharmaceutical Co., Ltd. (四川科伦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
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
"EGM"	the extraordinary general meeting of the Company to be convened on December 31, 2025 for the purpose of considering and, if thought fit, approving, among others, each of the Kelun Pharm CCTs and the transactions contemplated thereunder including the annual caps for the respective transactions

"Existing CCT Agreements"	2025 Promotional Services Framework Agreement and Amended Auxiliary R&D Services Framework Agreement
"Group"	the Company and its subsidiaries
"Independent Financial Adviser" or "Altus Capital"	Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on each of the Kelun Pharm CCTs, the transactions contemplated thereunder and the annual caps related thereto
"Independent Shareholders"	any Shareholder(s) other than (i) the controlling shareholders and their associates and (ii) those who are required to abstain from voting at the EGM under the Listing Rules
"Kelun Jiaxun"	Sichuan Kelun Jiaxun Pharmaceutical Technology Co., Ltd. (四川科倫嘉訊醫藥科技有限責任公司), a wholly-owned subsidiary of Kelun Pharmaceutical, and/or its Affiliates
"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 Pharm CCTs"	2026 Promotional Services Framework Agreement, 2026 Auxiliary R&D Services Framework Agreement and 2026 Procurement and Sale of Equipment and Materials Framework Agreement
"Kelun Research Institute"	Sichuan Kelun Pharmaceutical Research Institute Co., Ltd. (四川科倫藥物研究院有限公司), a limited liability company established under the laws of PRC on October 16, 1998 and a wholly-owned subsidiary of Kelun Pharmaceutical

"Licensing Agreement"	the patient and technology license agreement in relation to A167 dated January 12, 2017, entered between the Company as the licensee, and Kelun Research Institute, as the licensor
"Listing Date"	July 11, 2023
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Original Auxiliary R&D Services Framework Agreement"	the auxiliary R&D services framework agreement dated June 1, 2023 between the Company and Kelun Pharmaceutical (for itself and on behalf of the Remaining Kelun Group), details of which are set out in the Prospectus
"PRC"	the People's Republic of China, which for the purpose of this announcement, shall not include Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
"Prospectus"	the prospectus issued by the Company dated June 29, 2023
"Remaining Kelun Group"	Kelun Pharmaceutical and its subsidiaries, excluding the Group
"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
"Shareholders"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supplemental Auxiliary R&D Services Framework Agreement"	a supplemental agreement dated August 19, 2024, between the Company and Kelun Pharmaceutical (for itself and on behalf of the Remaining Kelun Group) to amend certain terms of the Original Auxiliary R&D Services Framework Agreement

"Unlisted Foreign Share(s)"	unlisted ordinary Share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for in a currency other than RMB
"Unlisted Share(s)"	Domestic Share(s) and/or Unlisted Foreign Share(s)
"%"	per cent

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

Hong Kong, December 15, 2025

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, Ms. LIAO Yihong and Mr. ZENG Xuebo as non-executive Directors, and Dr. ZHENG Qiang, Dr. TU Wenwei, Dr. JIN Jinping and Dr. LI Yuedong as independent non-executive Directors.