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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)

CONTINUING CONNECTED TRANSACTION
2026 SALES AND DISTRIBUTION FRAMEWORK AGREEMENT

INTRODUCTION

Reference is made to the announcement of the Company dated October 31, 2024 in relation to the 2024 Sales and Distribution Framework Agreement, which will expire on December 31, 2025.

In light of the above, on December 31, 2025, the Company has entered into the 2026 Sales and Distribution Framework Agreement for a term of three years commencing from January 1, 2026 to December 31, 2028, pursuant to which the Company has agreed to sell certain of its commercialized products to China Resources Kelun, and China Resources Kelun (as a non-exclusive distributor in the PRC) has agreed to sell and distribute the same in the PRC to downstream distributors and/or end customers from time to time during the term of the 2026 Sales and Distribution Framework Agreement.

LISTING RULES IMPLICATIONS

China Resources Kelun is an associate of Mr. LIU Sichuan, a Director of the Company. Therefore, China Resources Kelun is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2026 Sales and Distribution Framework Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio (as defined under the Listing Rules) of the annual caps over the term of 2026 Sales and Distribution Framework Agreement is more than 0.1% but less than 5%. Therefore, the 2026 Sales and Distribution Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated October 31, 2024 in relation to the 2024 Sales and Distribution Framework Agreement, which will expire on December 31, 2025.

In light of the above, on December 31, 2025, the Company has entered into the 2026 Sales and Distribution Framework Agreement for a term of three years commencing from January 1, 2026 to December 31, 2028, pursuant to which the Company has agreed to sell certain of its commercialized products to China Resources Kelun, and China Resources Kelun (as a non-exclusive distributor in the PRC) has agreed to sell and distribute the same in the PRC to downstream distributors and/or end customers from time to time during the term of the 2026 Sales and Distribution Framework Agreement.

2026 SALES AND DISTRIBUTION FRAMEWORK AGREEMENT

The principal terms of the 2026 Sales and Distribution Framework Agreement and further details of the transactions thereunder are set out as follows, which are substantially the same as those of the 2024 Sales and Distribution Framework Agreement:

Date of agreement	December 31, 2025
Parties	(1) the Company; and (2) China Resources Kelun (Sichuan) Medicine Limited (華潤科倫醫藥(四川)有限公司).
Term	January 1, 2026 to December 31, 2028
Subject matter	The Company shall appoint China Resources Kelun as a non-exclusive distributor in the PRC for the Products. China Resources Kelun shall purchase the Products from the Company for the purpose of resale and distribution in the PRC to downstream distributors and/or end users. In respect of the terms of specific transactions of the Products contemplated under the 2026 Sales and Distribution Framework Agreement, the Company and China Resources Kelun may enter into individual agreements. In the event that the terms of an individual agreement and the 2026 Sales and Distribution Framework Agreement conflict, the terms of the 2026 Sales and Distribution Framework Agreement shall prevail.

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

Consideration and Pricing Policies

The distribution price of the Products will be negotiated on an arm's length basis between the Group and China Resources Kelun on normal commercial terms with reference to:

(1) the distribution and/or sale prices of the Products in comparable transactions conducted by the Group with independent third parties during the same period (if any). To implement this policy, the management of the Company would solicit at least two other transactions with independent third party distributors or end customers for the Products in similar quantities (if any) for comparison to ensure that the distribution price offered by the Company to China Resources Kelun will be no less favorable to the Company than the distribution prices offered by the Company to independent third party distributors or end customers under the same conditions;

(2) the distribution and/or sale prices of similar or comparable products made by similarly situated industry players and distributors. The Company will make enquiries regarding distribution prices with industry players and conduct research on industry websites, and then compare the references with the prices quoted by the Company. To implement this policy, the management of the Company would solicit at least two other contemporaneous transactions with independent third parties for similar or comparable products in similar quantities for comparison;

(3) cost and expenses in relation to the Products; and

(4) applicable laws and policies with respect to the pricing, procurement and retailing of pharmaceutical products in the PRC.

Payment terms

The fee(s) under the 2026 Sales and Distribution Framework Agreement shall be paid within 60 days upon issuance of the receipt following delivery of the relevant Products.

Historical Amounts

Set out below are (1) the historical transaction amount received by the Group from China Resources Kelun under the 2024 Sales and Distribution Framework Agreement from October 31, 2024 to December 31, 2024 and from January 1, 2025 to November 30, 2025, and (2) the annual caps of the 2024 Sales and Distribution Framework Agreement for the year ending December 31, 2024 and the year ending December 31, 2025:

2024 Sales and Distribution Framework Agreement	*(RMB'000)*
Historical transaction amount from October 31, 2024 to December 31, 2024	506
Annual cap for the year ending December 31, 2024	10,000
Historical transaction amount from January 1, 2025 to November 30, 2025	4,254
Annual cap for the year ending December 31, 2025	15,000

Annual Caps

The proposed annual caps for the transactions contemplated under the 2026 Sales and Distribution 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	30,000	45,000	60,000

Basis of Determination of Annual Caps

The annual caps were determined based on the following factors:

(i) the historical transaction amounts incurred under 2024 Sales and Distribution Framework Agreement. The relatively low utilization rates of the historical annual caps throughout the 2024 Sales and Distribution Framework Agreement are mainly due to the fact that the Products were in their early stage of launch and had not been included in the National Reimbursement Drug List (醫保目錄) by November 30, 2025;

(ii) the expected stable growth in demand for the Products in the PRC during the term of the 2026 Sales and Distribution Framework Agreement. The Company expects a significant growth in the market size of the Products in the near future due to the expected increase in the amount of Products and/or indications to be approved for marketing and the fact that some of the Products have been included in the National Reimbursement Drug List (醫保目錄) in December 2025;

(iii) the need for a buffer for any other unexpected increase in the transaction amounts under the 2026 Sales and Distribution Framework Agreement, which may be caused by any unexpected increase in market demand for the relevant Products or other reasons during the term of the 2026 Sales and Distribution Framework Agreement;

(iv) the Company's overall arrangement for its distribution and other sales channels of the Products in the PRC in view of the expected demand for the Products in the PRC, and the role that China Resources Kelun is expected to have within such arrangement as a non-exclusive distributor of the Products in the PRC during the term of the 2026 Sales and Distribution Framework Agreement;

(v) the sales ability and scale and sophistication of the distribution network of China Resources Kelun; and

(vi) the estimated pricing of the Products in the PRC during the term of the 2026 Sales and Distribution Framework Agreement taking into account any applicable laws and policies with respect to the pricing, procurement and retailing of pharmaceutical products in the PRC.

Reasons for and benefits of entering into the 2026 Sales and Distribution Framework Agreement

China Resources Kelun, with the backing of its largest shareholder China Resources Pharmaceutical Commercial Group Company Limited (華潤醫藥商業集團有限公司) (a subsidiary of China Resources Pharmaceutical Group (華潤醫藥集團有限公司) (Hong Kong Stock Exchange stock code: 3320)), has an established and extensive commercialization and distribution network. The entry into the 2026 Sales and Distribution Framework Agreement with China Resources Kelun would enable the Group to leverage China Resources Kelun's distribution network and provide a platform for the Products to reach and benefit a wide range of potential customers as well as enhance the recognition and reputation of the Group and its Products. Providing the Products through the 2026 Sales and Distribution Framework Agreement would also diversify the revenue source of the Group. Moreover, from the Group's collaboration with China Resources Kelun in the 2024 Sales and Distribution Framework Agreement, the Group has developed a sound working relationship with China Resources Kelun and believes it has the necessary industry knowledge to distribute the Products effectively, without the initial costs associated with partnering up with new distributors with which the Group does not have an existing relationship.

Taking the above into consideration, the Directors, including the independent non-executive Directors, are of the view that the terms of the 2026 Sales and Distribution 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.

INTERNAL CONTROL MEASURES

In order to ensure that the transactions contemplated under the 2026 Sales and Distribution Framework Agreement 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) the transaction will be conducted pursuant to an individual agreement which complies with the terms of the 2026 Sales and Distribution Framework Agreement and the pricing policies and principles above. The individual agreement will be prepared based on a template agreement which is approved by the commercial, legal, finance, quality control and pharmacovigilance departments, and finally the general manager of the Company. The individual agreement will be approved by the commercial department and executed by the general manager of the Company;

(2) When assessing the pricing of a transaction, information with respect to referential distribution and/or sale prices, such as those solicited from distributors and end customers and research from industry websites, among other things, will be made available to the relevant departments and personnel including but not limited to the sales department and commercial 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 2026 Sales and Distribution Framework Agreement, in particular to monitor that the Company is receiving from China Resources Kelun 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 2026 Sales and Distribution Framework Agreement 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 2026 Sales and Distribution Framework Agreement 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 2026 Sales and Distribution Framework Agreement. When the total transaction amounts under the 2026 Sales and Distribution Framework Agreement 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 2026 Sales and Distribution Framework Agreement in respect of whether, among other things, the transaction was conducted in accordance with the terms of the 2026 Sales and Distribution Framework Agreement 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 2026 Sales and Distribution Framework Agreement 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.

China Resources Kelun

China Resources Kelun is primarily engaged in the wholesaling and retailing of medicines and medical consumables and provision of online information services for medicines and medical devices. As at the date of this announcement, China Resources Kelun was (i) 51.0% held by China Resources Pharmaceutical Commercial Group Company Limited (華潤醫藥商業集團有限公司), which is a subsidiary of China Resources Pharmaceutical Group (華潤醫藥集團有限公司), a company listed on the Stock Exchange (Hong Kong Stock Exchange stock code: 3320); (ii) 33.4% held by Sichuan Huifeng Biotechnology Group Co., Ltd. (四川惠豐生物科技集團有限責任公司), a company held by our Directors Mr. LIU Sichuan and Mr. LIU Gexin as to 80% and 20%, respectively; (iii) 14.6% held by Sichuan Kelun Industrial Group Co., Ltd. (四川科倫實業集團有限公司), a company controlled by our Director Mr. LIU Gexin; and (iv) 0.98% held by Mr. LIU Sichuan directly.

LISTING RULES IMPLICATIONS

China Resources Kelun is an associate of Mr. LIU Sichuan, a Director of the Company. Therefore, China Resources Kelun is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2026 Sales and Distribution Framework Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio (as defined under the Listing Rules) of the annual caps over the term of 2026 Sales and Distribution Framework Agreement is more than 0.1% but less than 5%. Therefore, the 2026 Sales and Distribution Framework Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. LIU Sichuan, being a Director, has abstained from voting on the Company's board resolution(s) for approving 2026 Sales and Distribution Framework Agreement and the transactions contemplated thereunder in view of his material interest by being an associate and director of China Resources Kelun. Mr. LIU Gexin, being a Director, has abstained from voting on the Company's board resolution(s) for approving the 2026 Sales and Distribution Framework Agreement and the transactions contemplated thereunder in view of his material interest by being an indirect shareholder of China Resources Kelun. Save as aforesaid, no other Director has any material interest in the 2026 Sales and Distribution Framework Agreement and the transactions contemplated thereunder and was required to abstain from voting.

DEFINITIONS

"2024 Annual Report"	the annual report of the Company for the year ended December 31, 2024
"2024 Sales and Distribution Framework Agreement"	the sales and distribution framework agreement dated October 31, 2024, between the Company and China Resources Kelun
"2026 Sales and Distribution Framework Agreement"	the sales and distribution framework agreement dated December 31, 2025 between the Company and China Resources Kelun
"Board"	the board of directors of the Company
"China Resources Kelun"	China Resources Kelun (Sichuan) Medicine Limited (華潤科倫醫藥(四川)有限公司) (former name: Sichuan Kelun Medicine & Trade Group Co. Ltd. (四川科倫醫藥貿易集團有限公司)), an associate of Mr. LIU Sichuan and a connected person 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
"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

"Group"	the Company and its subsidiaries
"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 Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
"Products"	certain commercialized products of the Company to be purchased by China Resources Kelun from the Company pursuant to individual agreements to be entered into by the Company and China Resources Kelun in accordance with the terms of the 2026 Sales and Distribution Framework 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
"Shareholders"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	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 31, 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.