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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)

- (1) PLACING OF NEW H SHARES UNDER GENERAL MANDATE;**
- (2) CONNECTED TRANSACTION INVOLVING SUBSCRIPTION OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE; AND**
- (3) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

Overall Coordinators and Placing Agents in respect of the Placing

Goldman Sachs

Citigroup

J.P. Morgan

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



PLACING OF NEW SHARES

On May 8, 2024 (before trading hours), the Company entered into the Placing Agreement with the Placing Agents pursuant to which the Placing Agents, each on a several (but not joint nor joint and several) basis, have conditionally agreed to procure the placing of, as agent of the Company, or failing which to purchase itself, 3,648,600 Placing Shares to not less than six Placees at the Placing Price of HK\$150.00 per Placing Share. To the best of the Directors' knowledge, information and belief, the Placees and their ultimate beneficial owners are or will be, as the case may be, Independent Third Parties.

The Placing Shares to be placed under the Placing Agreement will be allotted and issued pursuant to the General Mandate, and therefore, no further Shareholder approval is required in respect of the Placing. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement, including but not limited to the approval of the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares. For the avoidance of doubt, the Placing is not conditional upon the Subscription.

The estimated net proceeds from the Placing (after deducting all fees, costs and expenses incurred by the Company in connection with the Placing including placing commission and levies) is expected to be approximately HK\$540.5 million. The estimated net Placing Price, after deducting such fees, costs and expenses, is therefore approximately HK\$148.15 per Placing Share.

CONNECTED TRANSACTION INVOLVING THE SUBSCRIPTION

On May 8, 2024 (before trading hours), the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 4,423,870 Subscription Shares at the Subscription Price of RMB136.21 per Subscription Share, equivalent to HK\$150.00 per Subscription Share, which is the same as the Placing Price.

After the completion of the Placing and Subscription, assuming (a) the completion of the Placing takes place before the completion of the Subscription and (b) there will be no other change in the share capital of the Company from the date of this announcement and up to the completion date of the Subscription, the Subscriber's shareholding (when added together with the shareholding held by its wholly-owned subsidiary Kelun International) in the Company will remain at approximately 54.80%. The Subscription Shares to be subscribed under the Subscription Agreement will be allotted and issued pursuant to the Subscription Specific Mandate to allot and issue the Subscription Shares.

Completion of the Subscription is subject to satisfaction of the conditions precedent in the Subscription Agreement, including but not limited to the completion of the Placing.

The estimated net proceeds from the Subscription (after deducting all fees, costs and expenses incurred by the Company in connection with the Subscription) is expected to be approximately RMB601.1 million (equivalent to approximately HK\$661.9 million). The estimated net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately RMB135.87 per Subscription Share (equivalent to approximately HK\$149.63 per Subscription Share).

USE OF PROCEEDS OF THE PLACING AND THE SUBSCRIPTION

The Company intends to use the estimated net proceeds of the Placing and the Subscription (i) for the research and development, clinical trials, registration filings, manufacturing and commercialization of its Core Products (as defined in the Prospectus) and other products; (ii) to enhance its internal research and development technology capabilities, strengthen external collaboration, and expand its product pipeline portfolio; and (iii) to replenish working capital and for general corporate purposes.

LISTING RULES IMPLICATIONS

The Placing Shares will be allotted and issued under the General Mandate, and therefore, no Shareholders' approval is required for the issue of the Placing Shares.

The Subscriber is Kelun Pharmaceutical, a substantial shareholder and a controlling shareholder of the Company. Therefore, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval 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 the grant of the Subscription Specific Mandate, the Subscription Agreement and the transactions contemplated thereunder in view of his material interest in the Subscription by being the chairman and actual controller of Kelun Pharmaceutical. Dr. GE Junyou, Mr. LIU Sichuan and Mr. FENG Hao, being the Directors, have abstained from voting on the Company's board resolution(s) for approving the grant of the Subscription Specific Mandate, the Subscription Agreement and the transactions contemplated thereunder in view of their material interest in the Subscription by being proposed or incumbent directors and/or senior management and/or shareholders of Kelun Pharmaceutical. Save as aforesaid, no other Director has any material interest in the Subscription and was required to abstain from voting.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

The Subscription Shares will be allotted and issued under the Subscription Specific Mandate to be approved by a special resolution to be proposed for passing by the Independent Shareholders at the forthcoming AGM. The Subscriber and its associates, having material interests in the Subscription, will abstain from voting on the relevant resolution(s) at the AGM.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board has considered and approved certain Proposed Amendments to the Articles of Association to reflect the change in registered capital and share capital structure of the Company which will result from the completion of the Placing and the Subscription. The Proposed Amendments are to be approved by a special resolution to be proposed for passing by the Shareholders at the forthcoming AGM.

GENERAL

The Subscription is subject to Independent Shareholders' approval and the Proposed Amendments are subject to Shareholders' approval. A special resolution will be proposed at the forthcoming AGM for the Independent Shareholders to consider and, if thought fit, approve the grant of the Subscription Specific Mandate, the Subscription Agreement and the transactions contemplated thereunder. A special resolution will also be proposed at the forthcoming AGM for the Shareholders to consider and, if thought fit, approve the Proposed Amendments.

A circular containing, among other things, (i) further details about the Subscription Agreement and the transactions contemplated thereunder; (ii) the recommendation letter of the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the connected transaction contemplated thereunder; (iii) a letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the connected transaction contemplated thereunder; (iv) the Proposed Amendments and (v) the notice convening the AGM, is expected to be despatched to the Shareholders on or before May 29, 2024.

Completion of the Placing and the Subscription is subject to the satisfaction of the conditions precedent in the Placing Agreement and the Subscription Agreement, respectively, and therefore, the Placing and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on May 8, 2024 (before trading hours), the Company entered into the Placing Agreement and the Subscription Agreement for the placing of 3,648,600 new H Shares and the subscription and issue of 4,423,870 new Domestic Shares to the Placees and the Subscriber, respectively, at the same price of HK\$150.00 (or RMB136.21) per Share. Details of the terms of the Placing and the Subscription are set out below.

PLACING OF NEW H SHARES

The Placing Agreement

Date: May 8, 2024

Parties: (1) the Company; and
(2) the Placing Agents.

To the best of the Directors' knowledge, information and belief, the Placing Agents and their respective ultimate beneficial owners are Independent Third Parties.

The Placing Shares

Pursuant to the Placing Agreement, the Placing Agents, each on a several (but not joint nor joint and several) basis, have conditionally agreed to procure the placing of, as agent of the Company, or failing which to purchase itself, 3,648,600 Placing Shares to not less than six Places at the Placing Price of HK\$150.00 per Placing Share.

Assuming that (a) there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing; and (b) the completion of the Subscription takes place after the completion of the Placing, the Placing Shares (i.e., 3,648,600 new H Shares) represent:

- (i) approximately 1.66% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) approximately 1.64% of the issued share capital of the Company as enlarged by the issue of the Placing Shares only; and
- (iii) approximately 1.61% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and the Subscription Shares.

The aggregate nominal value of the Placing Shares is RMB3,648,600.

The Placing Price

The Placing Price is HK\$150.00 per Placing Share and represents:

- (i) a discount of approximately 6.83% to the closing price of HK\$161.00 per H Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a discount of approximately 10.19% to the average closing price of HK\$167.02 per H Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Date.

The Placing Price is exclusive of applicable brokerage, trading fees, transaction fees and levies.

The Placing Price was determined with reference to the prevailing market price of the H Shares and was negotiated on an arm's length basis between the Company and the Placing Agents. The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole. The aggregate consideration for the Placing will be paid in cash.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares then in issue.

Placees

The Placing Shares will be placed by the Placing Agents to not less than six Placees. The Placees will be individual, professional, institutional and/or other investors. To the best of the Directors' knowledge, information and belief, the Placees and their ultimate beneficial owners are or will be, as the case may be, Independent Third Parties. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after the completion of the Placing.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfillment or waiver of, amongst others, the following conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares (the "**Listing Approval**") and such Listing Approval not being subsequently revoked prior to the delivery of the Placing Shares;
- (ii) the Placing Agents having received on the Placing Closing Date the final draft or substantially complete draft of the CSRC Filings (as defined in the Placing Agreement) including the opinion of counsel for the Company as to the PRC laws in relation to the CSRC Filings, such drafts to be in form and substance reasonably satisfactory to the Placing Agents; and
- (iii) the Placing Agents having received on the Placing Closing Date an opinion of U.S. counsel to the Placing Agents, to the effect that the offer and sale of the Placing Shares by the Placing Agents as set forth in the Placing Agreement are not required to be registered under the U.S. Securities Act, and such other matters as the Placing Agents shall reasonably request, such opinion to be in form and substance reasonably satisfactory to the Placing Agents.

For the avoidance of doubt, the Placing is not conditional upon the Subscription.

Lock-up Restriction

The Company shall not, without the prior written consent of the Placing Agents, for a period beginning on the date of the Placing Agreement and ending on the date which is 90 days after the Placing Closing Date:

- (i) effect or arrange or procure placement of, allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe for, or enter into any transaction which is designed to, or might reasonably be expected to, result in any of the aforesaid (whether by actual disposition or effective economic disposition due to cash settlement or otherwise), directly or indirectly, any equity securities of the Company or any securities convertible into, or exercisable, or exchangeable for, equity securities of the Company;
- (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or
- (iii) publicly announce an intention to effect any such transaction.

For the avoidance of doubt, the foregoing shall not apply to the Subscription.

Termination of the Placing Agreement

In the event that:

- (i) between the date of the Placing Agreement and the Placing Closing Date, there has occurred:
 - (a) any material adverse change, or any development reasonably likely to involve a material adverse change, in the condition, financial or otherwise, or in the earnings, assets, business, operations or prospects of the Company, or the Company and its subsidiaries taken as a whole; or

- (b) any suspension or limitation of trading in any of the Company's securities by the Stock Exchange, or generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the London Stock Exchange, the New York Stock Exchange, the Nasdaq National Market or other relevant exchanges; or
- (c) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the European Economic Area ("EEA") or other applicable jurisdiction(s) of a national emergency or war or other calamity or crisis; or
- (d) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any other member of the EEA or other applicable jurisdiction(s) and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA or other applicable jurisdiction(s); or
- (e) any material adverse change or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, the PRC, Japan, Singapore, the United States, the United Kingdom or any member of the EEA or other applicable jurisdiction(s) or in international financial, political or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the sole judgment of the Placing Agents, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market; or

- (ii) any of the conditions precedent in the Placing Agreement has not been satisfied or waived in writing on the dates specified therein,

the Placing Agents may elect, in their sole discretion, to terminate the Placing Agreement forthwith.

General Mandate to issue the Placing Shares

In accordance with the Shareholders' resolution dated February 15, 2023 as disclosed in the Prospectus, a General Mandate was granted to the Directors to allot and issue H Shares at any time within a period up to the date of the conclusion of the forthcoming AGM, provided that the number of H Shares to be issued shall not exceed 20% of the number of H Shares in issue as at the Listing Date. On the basis of 60,690,271 H Shares in issue as at the Listing Date, a total of 12,138,054 H Shares may be issued under the General Mandate.

As at the date of this announcement, no H Shares have been issued pursuant to the General Mandate. The Placing Shares will be allotted and issued under the General Mandate, and therefore, no Shareholders' approval is required for the issue of the Placing Shares.

Completion of the Placing

Subject to the conditions mentioned above, the completion of the Placing shall take place on the Placing Closing Date or as soon as practicable thereafter or such other time and/or date as the Placing Agents and the Company may agree in writing.

Listing of the Placing Shares

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

CONNECTED TRANSACTION INVOLVING THE SUBSCRIPTION

The Subscription Agreement

Date: May 8, 2024

Parties: (1) the Company (as the issuer); and
(2) Kelun Pharmaceutical (as the subscriber)

The Subscription Shares

Pursuant to the terms of the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 4,423,870 new Domestic Shares with a nominal value of RMB1.00 each at the Subscription Price of RMB136.21 per Subscription Share, equivalent to HK\$150.00 per Subscription Share, which is the same as the Placing Price.

After the completion of the Placing and Subscription, assuming (a) the completion of the Placing takes place before the completion of the Subscription and (b) there will be no other change in the share capital of the Company from the date of this announcement and up to the completion date of the Subscription, the Subscriber's shareholding¹ (when added together with the shareholding held by its wholly-owned subsidiary Kelun International) in the Company will remain at approximately 54.80%.

¹ Kelun Pharmaceutical is also entitled to exercise the voting rights attaching to 30,000,000 Shares held by the four employee incentive platforms of the Company (the "**Employee Incentive Platform Shares**") by virtue of the fact that the general partner of these four employee incentive platforms of the Company is Kelun Jingchuan, a wholly-owned subsidiary of Kelun Pharmaceutical. However, Kelun Jingchuan (and, in turn, Kelun Pharmaceutical) is not entitled to any income rights on the Employee Incentive Platform Shares. Therefore, for the purpose of this Subscription, the Employee Incentive Platform Shares were excluded when calculating Kelun Pharmaceutical's existing shareholding in the Company.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Subscription (other than as a result of the completion of the Placing which is anticipated to take place before the completion of the Subscription), the Subscription Shares represent:

- (i) approximately 2.02% of the existing issued share capital of the Company as at the date of this announcement;
- (ii) approximately 1.99% of the issued share capital of the Company as enlarged by the issue of the Placing Shares (assuming the completion of the Placing takes place before the completion of the Subscription); and
- (iii) approximately 1.95% of the issued share capital of the Company as enlarged by the issue of the Placing Shares and the Subscription Shares.

The aggregate nominal value of the Subscription Shares is RMB4,423,870.

The Subscription Price

The Subscription Price for the Subscription Shares is RMB136.21 per Subscription Share, equivalent to HK\$150.00 per Subscription Share, which is the same as the Placing Price, and represents:

- (i) a discount of approximately 6.83% to the closing price of HK\$161.00 per Share as quoted on the Stock Exchange on the Last Trading Date; and
- (ii) a discount of approximately 10.19% to the average closing price of HK\$167.02 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Date.

The Subscription Price was determined with reference to the prevailing market price of the H Shares. The Directors (excluding Mr. LIU Gexin, Dr. GE Junyou, Mr. LIU Sichuan and Mr. FENG Hao who each has a material interest in the Subscription, and the independent non-executive Directors who will express their view upon considering the advice of Gram Capital) consider that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole. The aggregate consideration for the Subscription will be payable by the Subscriber in cash.

Ranking of Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares then in issue.

Conditions of the Subscription

Completion of the Subscription is conditional upon the following conditions being fulfilled or waived by the Subscriber (except that conditions (i), (ii) and (v) cannot be waived):

- (i) the proposed Subscription having been duly approved by (a) the Board and (b) the Independent Shareholders;
- (ii) the proposed Subscription having been duly approved by the board of directors of the Subscriber;
- (iii) the Subscription Agreement having been duly executed by the Company and the Subscriber;
- (iv) the Placing having been completed pursuant to the Placing Agreement;
- (v) the registration procedures of the proposed issue of Subscription Shares by the Company to the Subscriber with the China Securities Regulatory Commission having been duly completed;
- (vi) there having been no laws, regulatory requirements of the place where the issuer is listed, verdicts, awards or injunctions of any courts, arbitration agencies or relevant governmental authorities restricting, prohibiting or canceling the Subscription, and no pending or potential lawsuits, arbitrations, judgments, verdicts, awards or injunctions which have or will have material adverse effects on the Issuance;
- (vii) the representations and warranties made by the Company under the Subscription Agreement remaining true, complete and accurate from the date of the Subscription Agreement to the date of the payment of the consideration (the “**Payment Date**”), and the Company having performed the undertakings to be performed on or before the Payment Date pursuant to the Subscription Agreement, and the Company having not materially breached any terms of the Subscription Agreement; and
- (viii) the shareholding in the Company held by public (as defined under the Listing Rules) Shareholders immediately before the Payment Date is at such percentage so that the Subscription will not result in the Company failing to meet the minimum public float requirement prescribed by the Stock Exchange (being 22.09%).

Termination of the Subscription Agreement

The Subscription Agreement may be terminated in the following manner:

- (i) The Subscription Agreement may be terminated upon unanimous written consent (including determining the time of termination) of the parties;
- (ii) If any of the conditions precedent is not satisfied or waived within 12 months from the date of the Subscription Agreement (or such longer period as both parties agree), each party has the right to unilaterally terminate the Subscription Agreement by written notice; or

- (iii) If any Force Majeure Event (as defined in the Subscription Agreement) or the effect of a Force Majeure Event prevents a party from fulfilling all or part of its obligations under the Subscription Agreement for a period of more than one month, the other party free from the effect of the Force Majeure Event shall have the right to request the discharge of the Subscription Agreement and be exempt from part of its obligations under the Subscription Agreement or delay the performance of the Subscription Agreement.

Completion of the Subscription

Subject to the conditions mentioned above, the completion of the Subscription shall take place on the date upon which the registration procedures of the Subscription Shares have been completed with the China Securities Depository and Clearing Corporation Limited.

Subscription Specific Mandate to issue the Subscription Shares

The Subscription Shares will be allotted and issued pursuant to the Subscription Specific Mandate to be sought from the Independent Shareholders at the forthcoming AGM. The Subscription Specific Mandate, if approved, will be valid for 12 months from the date of the AGM.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Placing (but before the completion of the Subscription); and (iii) immediately after completion of the Placing and the Subscription, assuming that (a) the completion of the Placing takes place before the completion of the Subscription; and (b) there will be no change in the share capital of the Company from the date of this announcement and up to the completion date of the Placing and the Subscription (other than as a result of the allotment and issue of the Placing Shares and the Subscription Shares):

	As at the date of this announcement		Immediately after the completion of the Placing, but before the completion of the Subscription		Immediately after the completion of the Placing and the Subscription	
	<i>No. of Shares</i>	<i>Approximate %⁽¹⁾</i> <i>(Note)</i>	<i>No. of Shares</i>	<i>Approximate %⁽¹⁾</i> <i>(Note)</i>	<i>No. of Shares</i>	<i>Approximate %⁽¹⁾</i> <i>(Note)</i>
The Subscriber ⁽²⁾	115,555,685	52.72	115,555,685	51.85	119,979,555	52.79
Kelun International	4,567,700	2.08	4,567,700	2.05	4,567,700	2.01
Sub-total	<u>120,123,385</u>	<u>54.80</u>	<u>120,123,385</u>	<u>53.90</u>	<u>124,547,255</u>	<u>54.80</u>
Kelun Jingchuan ⁽³⁾	30,000,000	13.69	30,000,000	13.46	30,000,000	13.20
Placees	–	–	3,648,600	1.64	3,648,600	1.61
Other Shareholders	<u>69,072,114</u>	<u>31.51</u>	<u>69,072,114</u>	<u>31.00</u>	<u>69,072,114</u>	<u>30.39</u>
Total	<u>219,195,499</u>	<u>100.00</u>	<u>222,844,099</u>	<u>100.00</u>	<u>227,267,969</u>	<u>100.00</u>

Notes:

- (1) *The percentages may not add up to subtotal or total due to rounding.*
- (2) *As of December 31, 2023, Mr. LIU Gexin held a 25.29% interest in Kelun Pharmaceutical, and together with his concert parties controlled a 27.37% interest in Kelun Pharmaceutical. Therefore, Mr. LIU Gexin is deemed as the actual controller of Kelun Pharmaceutical and a controlling shareholder of the Company.*
- (3) *Kelun Jingchuan, a wholly-owned subsidiary of Kelun Pharmaceutical, is the general partner of the four employee incentive platforms of the Company, which in turn hold 30,000,000 Shares in aggregate (the “Employee Incentive Platform Shares”). Kelun Jingchuan (and, in turn, Kelun Pharmaceutical) is not entitled to any income rights on the Employee Incentive Platform Shares. Therefore, for the purpose of this Subscription, the Employee Incentive Platform Shares were excluded when calculating Kelun Pharmaceutical’s existing shareholding in the Company.*

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company conducted the Global Offering in July 2023. The net proceeds from the Global Offering and the full exercise of the Over-allotment Option (as defined in the Prospectus) amounted to approximately HK\$1,454.9 million, after deducting the underwriting commissions and other estimated expenses payable by the Company in connection with the Global Offering and the full exercise of the Over-allotment Option. The Company has utilized, and expects to utilize, the net proceeds from the Global Offering and the full exercise of the Over-allotment Option in accordance with the intended uses previously disclosed in the Prospectus (following pro rata adjustment based on the actual net proceeds received). For more details of the utilization of the net proceeds as at December 31, 2023, please refer to the annual report of the Group for the year 2023.

Save for the Global Offering and full exercise of the Over-allotment Option, the Company had not conducted any fund raising exercise by issuing equity securities in the 12 months immediately before the date of this announcement.

USE OF PROCEEDS

The estimated net proceeds from the Placing (after deducting all fees, costs and expenses incurred by the Company in connection with the Placing including the commission and levies) is expected to be approximately HK\$540.5 million. The estimated net Placing Price, after deducting such fees, costs and expenses, is therefore approximately HK\$148.15 per Placing Share.

The estimated net proceeds from the Subscription (after deducting all fees, costs and expenses incurred by the Company in connection with the Subscription) is expected to be approximately RMB601.1 million (equivalent to approximately HK\$661.9 million). The estimated net Subscription Price, after deducting such fees, costs and expenses, is therefore approximately RMB135.87 per Subscription Share (equivalent to approximately HK\$149.63 per Subscription Share).

The Company intends to use the estimated net proceeds of the Placing and the Subscription (i) for the research and development, clinical trials, registration filings, manufacturing and commercialization of its Core Products (as defined in the Prospectus) and other products; (ii) to enhance its internal research and development technology capabilities, strengthen external collaboration, and expand its product pipeline portfolio; and (iii) to replenish working capital and for general corporate purposes.

REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION

The Placing and Subscription are being undertaken to further enlarge the Shareholders' equity base of the Company, optimize the capital structure of the Company and support the healthy and sustainable development of the Company. The Subscription also demonstrates the confidence of the Subscriber (being a controlling shareholder of the Company) in the Company's long-term business development and prospects.

The Directors consider that the Placing and the Subscription represent a suitable financing option for the Company to raise further funding to support the Group's continuous development and business growth, which is in the interest of the Company and its Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement to be fair and reasonable in the interests of the Company and the Shareholders as a whole and that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agents.

The Directors (excluding Mr. LIU Gexin, Dr. GE Junyou, Mr. LIU Sichuan and Mr. FENG Hao, who each have a material interest in the Subscription, and the independent non-executive Directors who will express their view upon considering the advice of Gram Capital) also consider the terms of the Subscription Agreement to be fair and reasonable in the interests of the Company and the Shareholders as a whole and that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber.

LISTING RULES IMPLICATIONS

The Placing Shares will be allotted and issued under the General Mandate, and therefore, no Shareholders' approval is required for the issue of the Placing Shares.

The Subscriber is Kelun Pharmaceutical, a substantial shareholder and a controlling shareholder of the Company. Therefore, the Subscriber is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Subscription constitutes a connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval 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 the grant of the Subscription Specific Mandate, the Subscription Agreement and the transactions contemplated thereunder in view of his material interest in the Subscription by being the chairman and actual controller of Kelun Pharmaceutical. Dr. GE Junyou, Mr. LIU Sichuan and Mr. FENG Hao, being the Directors, have abstained from voting on the Company's board resolution(s) for approving the grant of the Subscription Specific Mandate, the Subscription Agreement and the transactions contemplated thereunder in view of their material interest in the Subscription by being proposed or incumbent directors and/or senior management and/or shareholders of Kelun Pharmaceutical. Save as aforesaid, no other Director has any material interest in the Subscription and was required to abstain from voting.

An Independent Board Committee comprising all independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

The Subscription Shares will be allotted and issued under the Subscription Specific Mandate to be approved by a special resolution to be proposed for passing by the Independent Shareholders at the forthcoming AGM. The Subscriber and its associates, having material interests in the Subscription, will abstain from voting on the relevant resolution(s) at the AGM.

INFORMATION ON THE PARTIES TO THE SUBSCRIPTION

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 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 December 31, 2023, Mr. LIU Gexin, a Director, held a 25.29% interest in Kelun Pharmaceutical, and together with his concert parties controlled a 27.37% interest in Kelun Pharmaceutical. Therefore, Mr. LIU Gexin is deemed as the actual controller of Kelun Pharmaceutical.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board has considered and approved certain Proposed Amendments to the Articles of Association to reflect the change in registered capital and share capital structure of the Company which will result from the completion of the Placing and the Subscription. The Proposed Amendments are to be approved by a special resolution to be proposed for passing by the Shareholders at the forthcoming AGM.

GENERAL

The Subscription is subject to Independent Shareholders' approval and the Proposed Amendments are subject to Shareholders' approval. A special resolution will be proposed at the forthcoming AGM for the Independent Shareholders to consider and, if thought fit, approve the grant of the Subscription Specific Mandate, the Subscription Agreement and the transactions contemplated thereunder. A special resolution will also be proposed at the forthcoming AGM for the Shareholders to consider and, if thought fit, approve the Proposed Amendments.

A circular containing, among other things, (i) further details about the Subscription Agreement and the transactions contemplated thereunder; (ii) the recommendation letter of the Independent Board Committee to the Independent Shareholders in respect of the Subscription Agreement and the connected transaction contemplated thereunder; (iii) a letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the connected transaction contemplated thereunder; (iv) the Proposed Amendments and (v) the notice convening the AGM, is expected to be despatched to the Shareholders on or before May 29, 2024.

Completion of the Placing and the Subscription is subject to the satisfaction of the conditions precedent in the Placing Agreement and the Subscription Agreement, respectively, and therefore, the Placing and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AGM”	the 2023 annual general meeting of the Company
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors of the Company
“Business Day”	any day (excluding a Saturday, Sunday and public holidays in Hong Kong) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is generally open for trading of securities in Hong Kong
“China” or “PRC”	the People’s Republic of China, for the purpose of this announcement and for geographical reference only and except where the context requires, references to “China” and the “PRC” in this announcement do not include Hong Kong, the Macao Special Administrative Region of the PRC or Taiwan
“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 established in the PRC with limited liability on November 22, 2016 and the H Shares of which are listed on the Stock Exchange (stock code: 6990)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	unlisted shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB

“General Mandate”	the general mandate granted to the Directors by the Shareholders’ resolution dated February 15, 2023 as disclosed in the Prospectus to allot and issue H Shares not exceeding 20% of the number of H Shares in issue as at the Listing Date
“Global Offering”	the Hong Kong Public Offering and the International Offering (each as defined in the Prospectus)
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than those who are required under the Listing Rules to abstain from voting at the AGM for the resolutions approving the Subscription Agreement and the transactions contemplated thereunder
“Independent Third Party(ies)”	third parties independent of and not connected (as defined under the Listing Rules) with the Company and its connected person(s)
“Kelun International”	Kelun International Development Co., Limited (科倫國際發展有限公司), a wholly-owned subsidiary of Kelun Pharmaceutical incorporated in Hong Kong
“Kelun Jingchuan”	Chengdu Kelun Jingchuan Technology Co., Ltd. (成都科倫晶川科技有限公司), a limited liability company established under the laws of PRC on August 17, 2016 and a wholly-owned subsidiary of Kelun Pharmaceutical

“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
“Last Trading Date”	May 7, 2024, being the last trading day prior to the signing of the Placing Agreement and the Subscription Agreement
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting of listing
“Listing Date”	July 11, 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Placee(s)”	any professional, institutional or other investor whom the Placing Agents have procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of 3,648,600 Placing Shares by the Placing Agents on the terms and subject to the conditions of the Placing Agreement
“Placing Agents”	Goldman Sachs (Asia) L.L.C., Citigroup Global Markets Limited and J.P. Morgan Securities (Asia Pacific) Limited
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agents on May 8, 2024 in respect of the Placing
“Placing Closing Date”	the Business Day after the date on which the conditions of the Placing are fulfilled but in any event no later than the seventh Business Day after the date of the Placing Agreement, or such other date as the Company and the Placing Agents may agree in writing
“Placing Price”	HK\$150.00 per Placing Share
“Placing Share(s)”	3,648,600 new H Shares to be placed pursuant to the Placing Agreement
“Proposed Amendments”	the proposed amendments to the Articles of Association
“Prospectus”	the prospectus in connection with the Global Offering issued by the Company dated June 29, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (as amended from time to time)

“Share(s)”	ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Kelun Pharmaceutical, the subscriber of the Subscription under the Subscription Agreement
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber on May 8, 2024 in respect of the Subscription
“Subscription Price”	RMB136.21 per Subscription Share
“Subscription Share(s)”	the 4,423,870 new Domestic Shares with a nominal value of RMB1.00 each to be allotted and issued by the Company to the Subscriber or its nominee(s) pursuant to the terms and conditions of the Subscription Agreement
“Subscription Specific Mandate”	the specific mandate to be sought from and, if approved, granted by the Independent Shareholders to the Directors at the forthcoming AGM for the allotment and issuance of the Subscription Shares pursuant to the Subscription Agreement
“subsidiary(ies)”	has the meaning attributable to it in the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
“%”	per cent

For the purpose of this announcement and for illustrative purposes only, conversion of RMB into HK\$ is based on the exchange rate of RMB0.90806: HK\$1. No representation is made that the RMB amounts could be or will be converted at the rate indicated, or at all.

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

Hong Kong, May 8, 2024

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