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Boan Biotech
博安生物

Shandong Boan Biotechnology Co., Ltd.

山东博安生物技术股份有限公司

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

(Stock Code: 6955)

FINANCE LEASE AGREEMENT

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On 19 December 2023, the Company entered into the Finance Lease Agreement with Industrial Bank Financial Leasing, whereby Industrial Bank Financial Leasing will purchase the Leased Assets from the Company and will lease the Leased Assets to the Company for the Lease Period, subject to early termination in accordance with the terms and conditions of the Finance Lease Agreement.

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- Date** : 19 December 2023
- Parties** : Lessor: Industrial Bank Financial Leasing
Lessee: the Company
- Purchase Price** : The Purchase Price of RMB100 million for the Leased Assets was agreed between Industrial Bank Financial Leasing and the Company with reference to the carrying value of the Leased Assets as at 30 November 2023 which amounted to approximately RMB100 million.

The Purchase Price shall be used by the Company to replenish its working capital.

Leased Assets : Certain machinery and equipment leased by Industrial Bank Financial Leasing.

Lease Period : 36 months from the first payment of the Purchase Price by Industrial Bank Financial Leasing for the purchase of the Leased Assets to the Company.

Lease payment : The total amount of lease payment over the Lease Period shall be paid by the Company to Industrial Bank Financial Leasing in 12 instalments payable quarterly during the Lease Period.

The total amount of lease payment represents the sum of the lease principal amount (being the amount of the Purchase Price of RMB100 million to be paid by Industrial Bank Financial Leasing) and the lease interest which will be calculated on the then outstanding lease principal amount with a floating interest rate of 90 basis points over the LPR from time to time.

Ownership of the Leased Assets : During the Lease Period, Industrial Bank Financial Leasing will have legal ownership of the Leased Assets.

Lessee's obligation to repurchase the Leased Assets : Upon expiry of the Lease Period, the Company shall repurchase the Leased Assets from Industrial Bank Financial Leasing at the consideration of RMB1.

Guarantee : In order to protect the rights of Industrial Bank Financial Leasing, the Guarantor has provided a guarantee in favour of Industrial Bank Financial Leasing for the performance of all the obligations of the Company under the Finance Lease Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The Directors are of the view that the entering into of the Finance Lease Agreement will strengthen the working capital positions of the Company and allow the Company to achieve a more balanced and efficient mix of long-term and short-term financing that will support its business and operational activities in the current and future market and enable it to pursue its strategic goals.

The Directors consider that the Finance Lease Agreement was entered into on normal commercial terms after arm's length negotiations between Industrial Bank Financial Leasing and the Company and the terms of the Finance Lease Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES TO THE FINANCE LEASE AGREEMENT

The Company is an integrated biopharmaceutical company committed to developing, manufacturing and commercialising high-quality biologics across various therapeutic areas in the PRC and overseas.

Industrial Bank Financial Leasing is principally engaged in the provision of financial leasing services and other related business. Industrial Bank Financial Leasing is a wholly-owned subsidiary of Industrial Bank Co., Ltd. (興業銀行股份有限公司), a company the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601166).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Industrial Bank Financial Leasing and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

INFORMATION ON THE GUARANTOR

The Guarantor is a controlling shareholder of the Company and a wholly-owned subsidiary of Luye Pharma. The Guarantor is principally engaged in the manufacture and sale of pharmaceutical products. Luye Pharma is an international pharmaceutical company dedicated to the R&D, manufacturing and sale of innovative medications, whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2186).

IMPLICATIONS UNDER THE LISTING RULES

As none of the applicable percentage ratio (as defined under the Listing Rules) in respect of the Finance Lease Agreement exceeds 5%, the Finance Lease Agreement does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules, and is not subject to any announcement and reporting requirements.

The Guarantor is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of its being a controlling shareholder of the Company. The provision of the guarantee for the benefit of the Company amounts to financial assistance by the Guarantor for the benefit of the Company. As such financial assistance (i) is provided on normal commercial terms or better to the Company; and (ii) is not secured by the assets of the Company, the guarantee is considered to be an exempt connected transaction pursuant to Rule 14A.90 of the Listing Rules, which is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Company”	Shandong Boan Biotechnology Co., Ltd. (山东博安生物技术股份有限公司), a joint stock company incorporated in the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“Finance Lease Agreement”	the finance lease agreement dated 19 December 2023 and entered into between Industrial Bank Financial Leasing and the Company in relation of the purchase and the lease of the Leased Assets;
“Guarantor”	Shandong Luye Pharmaceutical Co., Ltd. (山東綠葉製藥有限公司), a company incorporated in the PRC with limited liability, and one of the controlling shareholders of the Company;
“Industrial Bank Financial Leasing”	Industrial Bank Financial Leasing Co., Ltd. (興業金融租賃有限責任公司), a company incorporated in the PRC with limited liability;
“Lease Period”	36 months from the first payment of the Purchase Price by Industrial Bank Financial Leasing for the purchase of the Leased Assets to the Company;
“Leased Assets”	certain machinery and equipment leased by Industrial Bank Financial Leasing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time;
“LPR”	the prime rate for loans with a term of over five years as promulgated by the National Interbank Funding Centre under the authority of the People’s Bank of China;
“Luye Pharma”	Luye Pharma Group Ltd., an exempted company incorporated with limited liability in Bermuda and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2186), and one of the controlling shareholders of the Company;
“PRC”	the People’s Republic of China which, in this announcement, excludes the Hong Kong Special Administrative Region, the Macao Special Administrative Region of the PRC and Taiwan;

“Purchase Price”	RMB100 million, being the purchase price to be paid by Industrial Bank Financial Leasing for the purchase of the Leased Assets under the Finance Lease Agreement;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By Order of the Board
Shandong Boan Biotechnology Co., Ltd.
Jiang Hua
*Chairlady, Chief Executive Officer and
Executive Director*

The People’s Republic of China, Yantai, 22 December 2023

As at the date of this announcement, the executive directors of the Company are Ms. Jiang Hua and Dr. Dou Changlin; the non-executive directors of the Company are Mr. Liu Yuanchong and Ms. Li Li; and the independent non-executive directors of the Company are Mr. Shi Luwen, Mr. Dai Jixiong and Dr. Yu Jialin.