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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)**

### **CONNECTED TRANSACTION RENT SHARING AGREEMENT**

The Board announces that on 1 April 2023 (US Eastern standard time), Boan Boston (a subsidiary of the Company) entered into the Rent Sharing Agreement with GeneLeap (a subsidiary of Luye Pharma, a controlling shareholder of the Company) pursuant to which Boan Boston will use parts of a R&D facility in the United States leased by GeneLeap from an Independent Third Party, and accordingly bear a portion of the rent and expenses payable by GeneLeap for such lease. Boan Boston intends to use parts of the Premises as the office and laboratory for its R&D team in the United States.

GeneLeap is a subsidiary of Luye Pharma (a controlling shareholder of the Company) and thus a connected person of the Company. In accordance with the IFRS 16 applicable to the Group, the Company will recognise the transactions under the Rent Sharing Agreement as an acquisition of a right-of-use asset on its consolidated financial statements. Accordingly, the transactions under the Rent Sharing Agreement constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio in respect of the Rent Sharing Agreement on the basis of the estimated value of the right-of-use asset exceeds 0.1% but is less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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## RENT SHARING AGREEMENT

Date:	1 April 2023 (US Eastern standard time)
Parties:	(i) GeneLeap (ii) Boan Boston
Premises:	GeneLeap has been leasing from an Independent Third Party certain parts of a R&D facility located in Woburn, Massachusetts, the United States with a total gross floor area of approximately 15,761 square metres for a term up to 31 July 2028. The parties to the Rent Sharing Agreement have agreed that Boan Boston will use certain portions in the Premises (together with the R&D facilities therein) with a total gross floor area of approximately 2,908 square metres as the office and laboratory for its research and development team in the United States.
Term:	From 1 April 2023 (US Eastern standard time) to 31 July 2028
Rents and expenses:	Boan Boston shall pay to GeneLeap a monthly apportionment of the rental for the Premises and the expenses for the facilities therein at the following rates:

<b>Year ending 31 December</b>	<b>Monthly rental apportionment US\$</b>	<b>Monthly facility expense apportionment US\$</b>	<b>Aggregate annual payment US\$</b>
2023	21,000	3,000	216,000
2024	21,300	3,000	291,600
2025	21,600	3,000	295,200
2026	21,900	3,000	298,800
2027	22,200	3,000	302,400
2028	22,500	3,000	178,500

The payments above were determined based on arm's length negotiations between the parties to the Rent Sharing Agreement with reference to the total area of the Premises used by Boan Boston and the rental and expenses per square metre, which are equal to the rental and expenses payable by GeneLeap to the landlord of the Premises per square metre. The Company expects that the payments under the Rent Sharing Agreement will be satisfied by internal resources of the Group.

In accordance with IFRS 16 applicable to the Group, the Company will recognise the transactions under the Rent Sharing Agreement as an acquisition of a right-of-use asset on its consolidated financial statements. The value of the right-of-use asset under the Rent Sharing Agreement for the Company is estimated to be approximately US\$1,413,400, being the present value of the total payments payable throughout the term of the Rent Sharing Agreement in accordance with IFRS 16.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE RENT SHARING AGREEMENT**

As at the date of this announcement, the Group has leased other parts in the same building of the Premises for its R&D activities. The Directors consider that by entering into the Rent Sharing Agreement, the Group is able to utilise the additional space and facilities in the same building for its R&D activities and operate in an efficient manner.

The Directors (including independent non-executive Directors) are of the view that the Rent Sharing Agreement has been entered into in the ordinary and usual course of business of the Company, is on normal commercial terms and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

GeneLeap is a subsidiary of Luye Pharma (a controlling shareholder of the Company) and thus a connected person of the Company. As disclosed above, in accordance with the IFRS 16 applicable to the Group, the Company will recognise the transactions under the Rent Sharing Agreement as an acquisition of a right-of-use asset on its consolidated financial statements. Accordingly, the transactions under the Rent Sharing Agreement constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. Since the highest applicable percentage ratio in respect of the Rent Sharing Agreement on the basis of the estimated value of the right-of-use asset exceeds 0.1% but is less than 5%, the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Director had any material interest in the Rent Sharing Agreement and the transactions contemplated thereunder, and thus no Director has abstained from voting on the relevant Board resolutions to approve the Rent Sharing Agreement at the relevant Board meeting.

## **GENERAL INFORMATION**

The Company is an integrated biopharmaceutical company committed to developing, manufacturing and commercializing high quality biologics across various therapeutic areas in China and overseas.

GeneLeap is a wholly owned subsidiary of Luye Pharma (a controlling shareholder of the Company) and it is principally engaged in research and development. 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).

## DEFINITIONS

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

“Boan Boston”	Boan Boston LLC, a limited liability company established in the United States and a wholly-owned subsidiary of the Company;
“Board”	the board of Directors of the Company;
“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 People’s Republic of China with limited liability and the shares of which are listed on the Main Board of the Stock Exchange;
“Directors”	the directors of the Company;
“GeneLeap”	GeneLeap Biotechnology LLC, a limited liability company established in the United States and a wholly-owned subsidiary of Luye Pharma;
“Group”	the Company and its subsidiaries;
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board from time to time;
“Independent Third Party”	a third party independent of the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Luye Pharma”	Luye Pharma Group Ltd. (綠葉製藥集團有限公司), an exempted company incorporated with limited liability in Bermuda whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 2186), and one of the controlling shareholders of the Company;
“Premises”	parts of a R&D facility located in Woburn, Massachusetts, the United States with a total gross floor area of approximately 1,576 square metres leased by GeneLeap as tenant;
“R&D”	research and development;
“Rent Sharing Agreement”	the rent and expenses sharing agreement dated 1 April 2023 (US Eastern standard time) and entered into between Boan Boston and GeneLeap in relation to the sharing of the rents and expenses payable for the lease of the Premises;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	United States dollars, the lawful currency of the United States; and
“%”	per cent.

*In this announcement, the terms “connected person”, “controlling shareholder” and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

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, 3 April 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, Ms. Li Li and Mr. Chen Jie; and the independent non-executive directors of the Company are Mr. Shi Luwen, Mr. Dai Jixiong and Dr. Yu Jialin.*