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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)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

*Sole Overall Coordinator, Sole Global Coordinator, Joint Bookrunner  
and Joint Placing Agent*



**UBS** 瑞銀集團

*Joint Bookrunner and Joint Placing Agent*



**安信國際**  
ESSENCE INTERNATIONAL

## **THE PLACING**

The Board announces that on 30 July 2024, the Company and the Placing Agents entered into the Placing Agreement pursuant to which the Company has agreed to appoint the Placing Agents, and the Placing Agents have agreed to act, as the agents of the Company on a several basis (not joint, and not joint and several with the other Placing Agent) to procure purchasers to purchase the Placing Shares at the Placing Price on a best effort basis upon the terms and subject to the conditions set out in the Placing Agreement.

The total number of Placing Shares which may be sold under the Placing is 26,655,600, which represents: (a) approximately 5.23% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 4.97% of the total number of Shares in issue as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing, other than the allotment and issue of the Placing Shares).

The Placing Price is HK\$9.50 per Share, which represents a discount of approximately 2.96% to the closing price of HK\$9.790 per Share as quoted on the Stock Exchange on the Last Trading Day.

**Completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## **THE PLACING AGREEMENT**

### **Date**

30 July 2024

### **Parties**

- (i) The Company; and
- (ii) The Placing Agents.

### **The Placing Agents**

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agents is independent of, and not connected with, the Company and connected persons of the Company.

### **The Placing and the number of Placing Shares**

The Company has agreed to appoint the Placing Agents, and the Placing Agents have agreed to act, as the agents of the Company on a several basis (not joint, and not joint and several with the other Placing Agent) to procure purchasers to purchase the Placing Shares at the Placing Price on a best effort basis upon the terms and subject to the conditions set out in the Placing Agreement.

The total number of Placing Shares which may be sold under the Placing is 26,655,600, which represents: (a) approximately 5.23% of the total number of Shares in issue as at the date of this announcement; and (b) approximately 4.97% of the total number of Shares in issue as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the completion of the Placing, other than the allotment and issue of the Placing Shares). The aggregate nominal value of the Placing Shares which may be sold under the Placing will be RMB26,655,600.

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

### **Rights of the Placing Shares**

The Placing Shares shall, when fully paid, rank *pari passu* in all respects with the other Shares then in issue free from all liens, charges and encumbrances, and will have all rights attaching to them as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on or after the date of the issue of the Placing Shares.

### **Placees**

It is expected that the Placing Shares will be placed to not less than six professional, institutional and/or other investors who are third parties independent of and not connected with the Company, any Director, chief executive or substantial shareholder of the Company, or any of its subsidiaries, or any of its respective associates.

Immediately after completion of the Placing, it is expected that none of the Placees will become a substantial shareholder of the Company.

### **Placing Price**

The Placing Price of HK\$9.50 per Placing Share represents:

- (a) a discount of approximately 2.96% to the closing price of HK\$9.790 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 4.24% to HK\$9.114, being the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the Last Trading Day; and
- (c) a premium of approximately 4.61% to HK\$9.081, being the average closing price per Share as quoted on the Stock Exchange for the last 20 consecutive trading days immediately prior to the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Company and the Placing Agents. The Directors consider that the Placing Price and the terms and conditions of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Conditions**

Completion of the Placing is conditional upon the fulfilment or waiver by the Placing Agents (in respect of (b) only) of the following conditions:

- (a) the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Placing Shares and such listing and permission not subsequently being revoked prior to the completion of the Placing; and
- (b) the Placing Agents having received certain draft filings to be filed with the CSRC, and (where applicable) the related legal opinion as to PRC laws, in respect of the Placing.

## **Completion**

Completion of the Placing is scheduled to take place on the business day after the date on which the conditions to the completion of the Placing are fulfilled, or such other date as the Company and the Placing Agents may agree in writing.

If the conditions of the Placing above are not fulfilled on or before 13 August 2024 (or such later date as may be otherwise agreed among the Company and the Placing Agents in writing), the Placing Agreement will be terminated automatically.

## **Termination rights**

The Placing Agents may terminate the Placing Agreement by giving notice to the Company at any time prior to 8.00 a.m. on the Closing Date if any of the following event occurs:

- (a) there develops, occurs or comes into force:
  - (i) any new law or regulation or any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in existing laws or regulations or the interpretation or application thereof by any court or other competent authority which in the sole opinion of the Placing Agents is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
  - (ii) any event, or series of events beyond the reasonable control of any of the Placing Agents (including, without limitation, any calamity, act of government, strike, labour dispute, lock-out, fire, explosion, flooding, earthquake, civil commotion, economic sanctions, epidemic, pandemic, outbreak of infectious disease, outbreak or escalation of hostilities, act of terrorism and act of God) involving Hong Kong, the PRC, the United Kingdom, the European Union or the United States, or the declaration by Hong Kong, the PRC, the United Kingdom, the European Union or the United States of war or a state of emergency or calamity or crisis; or

- (iii) any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in local, national or international financial, political, economic, legal, military, industrial, fiscal, regulatory, currency or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets) which in the sole opinion of the Placing Agents is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
  - (iv) any change (whether or not permanent) or development (whether or not permanent) involving a prospective change in local, national or international securities market conditions or currency exchange rates or exchange controls which in the sole opinion of the Placing Agents is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith; or
  - (v) any suspension of dealings in the Shares at any time prior to the Closing Date whatsoever (other than as a result of the Placing); or
  - (vi) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise at any time prior to the Closing Date; or
  - (vii) the commencement by any state, governmental, judicial, regulatory or political body or organisation of any action against any Director or an announcement by any state, governmental, judicial, regulatory or political body or organisation that it intends to take any such action; or
- (b) (i) any breach of any of the representations, warranties and undertakings by the Company set out in the Placing Agreement comes to the knowledge of the Placing Agents; or (ii) any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Closing Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations, warranties and undertaking untrue or incorrect; or (iii) there has been a breach of, or failure to perform, any other provision of the Placing Agreement on the part of the Company; or
- (c) there is any change, or any development involving a prospective change, in or affecting the business, general affairs, management, prospects, assets and liabilities, shareholders' equity, results of operations or position, financial or otherwise, of the Group (other than those already disclosed to the public on or before the date of the Placing Agreement) as a whole which in the sole opinion of the Placing Agents is or is likely to be materially adverse to the success of the Placing, or makes or is likely to make it impracticable or inadvisable or inexpedient to proceed therewith.

## General Mandate to issue the Placing Shares

The Placing Shares will be issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the 2024 AGM to allot, issue and deal with additional Shares not exceeding 20% of the total number of the issued Shares as at the date of the 2024 AGM. Under the General Mandate, the Company is authorised to issue up to 101,855,618 new Shares. As at the date of this announcement, 101,855,618 new Shares remain available for issuance under the General Mandate. Accordingly, the remaining General Mandate is sufficient to cover the allotment and issue of the Placing Shares, and therefore the Placing is not subject to the further approval of the Shareholders.

## Lock-up arrangements

The Company has undertaken to the Placing Agents that for a period from the date of the Placing Agreement up to 90 days after the Closing Date, the Company shall not, except for the Placing Shares, (i) sell, transfer, dispose, allot or issue or offer to sell, transfer, dispose, allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any new Shares or any interests in new Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any new Shares or interest in new Shares; or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above; or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of the Placing Agents.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no other change to the total number of Shares in issue from the date of this announcement to the Closing Date and that a total of 26,655,600 Placing Shares will be sold, the shareholding of the Company (a) as at the date of this announcement; and (b) immediately after completion of the Placing, is and will be as follows:

	As at the date of this announcement		Immediately after completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Shandong Luye <sup>(1)</sup>	360,596,456	70.81	360,596,456	67.28
Other existing Shareholders	148,681,638	29.19	148,681,638	27.74
Placees	–	–	26,655,600	4.97
<b>Total</b>	<b>509,278,094</b>	<b>100</b>	<b>535,933,694</b>	<b>100</b>

Notes:

- (1) Shandong Luye is wholly-owned by Luye Pharma.
- (2) The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures to two decimal places. Percentages may not add up to 100% due to rounding.

## REASONS FOR THE PLACING AND USE OF PROCEEDS

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

Assuming that a total of 26,655,600 Placing Shares will be sold, the gross proceeds from the Placing are expected to be HK\$253.23 million. The net proceeds from the Placing (after deducting all relevant fees, costs and expenses to be borne or incurred by the Company) are expected to be approximately HK\$249.87 million. The net Placing Price, after deducting such fees, costs and expenses, is therefore estimated to be approximately HK\$9.37 per Placing Share.

The Company intends to apply the net proceeds from the Placing as follows:

- (a) approximately 50% will be used for research and development of: (i) the phase 3 clinical trial and marketing registration of BA1104 in China; (ii) the international multi-center phase 3 clinical trial and marketing registration of Denosumab Injection (BA6101 and BA1102) in Europe, the United States, and Japan; and (iii) the clinical trials of various innovative product candidates;
- (b) approximately 20% will be used for the commercialization of Boyounuo, Boyoubei and Boluojia; and
- (c) approximately 30% will be used to replenish the Company's working capital and for general corporate purposes.

The Directors (including the independent non-executive Directors) are of the view that the Placing represents an opportunity to raise capital for the Company and to strengthen its financial position while broadening its Shareholder base.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Placing Agreement (including the Placing Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## EQUITY FUND RAISING ACTIVITY OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities involving the issue of its securities in the past 12 months immediately preceding the date of this announcement.

**Completion of the Placing is subject to fulfilment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“2024 AGM”	the annual general meeting of the Company held on 31 May 2024 at which, among other things, a resolution for the grant of the General Mandate to the Directors was passed by the Shareholders
“Board”	the board of Directors
“Closing Date”	the business day after the date on which the conditions to the completion of the Placing are fulfilled, or such other date as the Company and the Placing Agents may agree in writing
“Company”	Shandong Boan Biotechnology Co., Ltd. (山東博安生物技術股份有限公司), 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
“CSRC”	China Securities Regulatory Commission
“Directors”	the directors of the Company
“General Mandate”	the general mandate to allot, issue and deal with additional Shares granted to the Directors by a resolution of the Shareholders passed at the 2024 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	30 July 2024, being the last full trading day prior to the signing of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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 a controlling shareholder of the Company
“Placees”	professional, institutional or other investors selected and procured by the Placing Agents to purchase the Placing Shares pursuant to the Placing Agreement



“Placing”	the placing of the Placing Shares by the Placing Agents to the Placees at the Placing Price pursuant to the Placing Agreement
“Placing Agents”	UBS AG Hong Kong Branch and Essence International Securities (Hong Kong) Limited
“Placing Agreement”	the placing agreement entered into among the Company and the Placing Agents dated 30 July 2024 in respect of the Placing
“Placing Price”	HK\$9.50 per Placing Share
“Placing Shares”	the new Shares to be placed by the Placing Agents under the Placing pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Securities Act”	the U.S. Securities Act of 1933, as amended
“Shandong Luye”	Shandong Luye Pharmaceutical Co., Ltd. (山東綠葉製藥有限公司), a controlling shareholder of the Company holding approximately 70.81% of the issued share capital of the Company as at the date of this announcement and a wholly-owned subsidiary of Luye Pharma
“Shareholders”	holders of the Shares
“Shares”	the overseas listed foreign invested ordinary shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*In this announcement, the terms “associate”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” 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*

Yantai, the People’s Republic of China, 31 July 2024

*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 Professor Shi Luwen, Mr. Dai Jixiong and Dr. Yu Jialin.*