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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

1. Revenue

During the Reporting Period, the Group has built a dedicated commercialization team by the use of proactive marketing strategy and efficient executive capability in sales, through which the Group rapidly established a foothold in the domestic market, laying a solid foundation for the subsequent transformation of the Company. With the commercialization of three products, the Group witnessed a significant increase in revenue during the Reporting Period.

For the year ended 31 December 2024, the Group's revenue amounted to approximately RMB726.3 million, as compared to RMB618.1 million for the year ended 31 December 2023, representing an increase of approximately RMB108.2 million, or 17.5%. The increase was mainly attributable to the growth of sales of Boyounuo® (BA1101) and Boyoubei® (BA6101) in China, and the growth of licensing revenue.

2. Cost of Sales

Cost of sales of the Group primarily represents materials and consumables, labour costs associated with production, utilities and maintenance fee as well as depreciation and amortisation expenses of production equipment, facilities and intangible assets.

Our cost of sales decreased from RMB209.2 million for the year ended 31 December 2023 to approximately RMB183.7 million for the year ended 31 December 2024, which accounted for approximately 25.3% of our total revenue for the same year (2023: 33.9%).

3. Gross Profit

For the year ended 31 December 2024, the Group recorded a gross profit of approximately RMB542.6 million, representing an increase of approximately RMB133.7 million, or 32.7%, as compared with that for the year ended 31 December 2023.

4. Selling and Distribution Expenses

For the year ended 31 December 2024, the Group's selling and distribution expenses amounted to RMB285.8 million, as compared to RMB256.5 million for the year ended 31 December 2023, representing an increase of RMB29.3 million, or 11.4%. The increase in selling expenses was in line with the revenue growth during the same period.

5. Research and Development Expenses

The following table sets forth a breakdown of the Group's research and development ("**R&D**") expenses for the years indicated:

	2024	2023
	RMB'000	*RMB'000*
R&D service fees	**36,949**	96,675
Raw materials and consumables expenses	**31,334**	33,388
Staff costs and share-based payments	**54,485**	67,867
Depreciation and amortisation expenses	**15,483**	17,776
Others	**11,023**	14,976
	149,274	230,682

For the year ended 31 December 2024, the Group's recognised R&D expenses were approximately RMB149.3 million, representing a decrease of approximately RMB81.4 million, as compared to the year ended 31 December 2023. The decreased R&D expenses was mainly due to the increase in R&D investment capitalised into deferred development costs as multiple key R&D projects of the Group had progressed to phase 3 clinical trial.

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shandong Boan Biotechnology Co., Ltd. (the "**Company**" or "**Boan Biotech**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**us**") for the year ended 31 December 2024 (the "**Reporting Period**"), together with the comparative figures for the corresponding year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
REVENUE	*5*	**726,316**	618,129
Cost of sales		**(183,663)**	(209,161)
Gross profit		**542,653**	408,968
Other income and gains	*5*	**45,088**	27,654
Research and development costs		**(149,274)**	(230,682)
Administrative expenses		**(46,460)**	(51,687)
Selling and distribution expenses		**(285,844)**	(256,533)
Other expenses		**(323)**	(3,010)
Finance costs	*7*	**(32,651)**	(14,087)
PROFIT/(LOSS) BEFORE TAX	*6*	**73,189**	(119,377)
Income tax expense	*8*	**–**	–
PROFIT/(LOSS) FOR THE YEAR		**73,189**	(119,377)
Attributable to:			
Owners of the parent		**73,189**	(119,377)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(45)**	228
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(45)**	228
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**73,144**	(119,149)
Attributable to:			
Owners of the parent		**73,144**	(119,149)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted *(RMB)*	*10*	**0.14**	(0.23)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**594,765**	615,417
Advance payments for property, plant and equipment		**47,224**	32,765
Right-of-use assets		**10,035**	11,693
Intangible assets		**1,242,984**	950,504
Total non-current assets		**1,895,008**	1,610,379
CURRENT ASSETS			
Inventories		**168,251**	165,291
Trade and notes receivables	*11*	**453,604**	276,195
Prepayments, other receivables and other assets		**128,520**	57,381
Pledged deposits		**7,038**	12,290
Cash and cash equivalents		**198,867**	201,850
Total current assets		**956,280**	713,007
CURRENT LIABILITIES			
Lease liabilities		**1,787**	3,567
Trade and notes payables	*12*	**213,594**	217,572
Other payables and accruals		**168,096**	239,464
Interest-bearing bank and other borrowings		**254,047**	167,839
Due to related parties	*14(c)*	**11,157**	24,907
Total current liabilities		**648,681**	653,349
NET CURRENT ASSETS		**307,599**	59,658
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,202,607**	1,670,037

	Note	**2024** ***RMB'000***	2023 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities		**4,807**	6,175
Interest-bearing bank and other borrowings		**424,898**	228,324
Government grants		**5,342**	3,000
Other non-current liabilities		**123,522**	112,670
Total non-current liabilities		**558,569**	350,169
Net assets		**1,644,038**	1,319,868
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**535,934**	509,278
Reserves		**1,108,104**	810,590
Total equity		**1,644,038**	1,319,868

NOTES TO FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in the People's Republic of China ("**PRC**"). The registered office of the Company is located at No. 39 Keji Avenue, High-Tech Industrial Development Zone, Yantai, Shandong Province, China.

During the year, the Company and its subsidiaries were principally engaged in the development, manufacture and commercialisation of high quality biologics in Mainland China and worldwide.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

All external revenue of the Group during the year was attributable to customers in Mainland China.

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**1,888,577**	1,602,155
Other countries	**6,431**	8,224
Total non-current assets	**1,895,008**	1,610,379

The non-current asset information above is based on the locations of the assets.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**149,881**	188,433
Customer B	**105,179**	N/A*
Customer C	**97,231**	N/A*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the year.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**726,316**	618,129

Revenue from contracts with customers

(a) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Types of goods or services		
Sale of products	**689,853**	615,272
Out-licensing agreements	**34,510**	–
Provision of research and development services	**1,953**	2,857
Total	**726,316**	618,129
Timing of revenue recognition		
Goods transferred at a point in time	**724,363**	615,272
Services transferred over time	**1,953**	2,857
Total	**726,316**	618,129

Geographical markets

All of the Group's revenue was generated from customers located in Mainland China during the year.

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products	**12,346**	6,081
Provision of research and development services	**–**	943
Total	**12,346**	7,024

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products

The performance obligation is satisfied upon acceptance of the goods and payment is generally due within one month to three months.

Out-licensing agreements

The performance obligation is satisfied upon granting the license and payment is generally due within 30 days from the date of billing.

Provision of research and development services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing.

	2024	2023
	RMB'000	*RMB'000*
Other income and gains		
Government grants*	**43,420**	25,768
Bank interest income	**405**	1,159
Others	**1,263**	727
Total other income and gains	**45,088**	27,654

* The government grants mainly represent subsidies received from local government authorities to support the Group's research and development activities and operation. During the year, government grants amounting to RMB267,000 (2023: RMB200,000) were released from deferred government grants.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**179,669**	195,723
Cost of services provided	**36**	428
Depreciation of property, plant and equipment	**42,834**	51,454
Depreciation of right-of-use assets	**1,754**	5,861
Amortisation of intangible assets*	**28,317**	25,451
Research and development costs	**149,274**	230,682
Lease payments not included in the measurement of lease liabilities	**4,574**	4,128
Auditor's remuneration	**2,972**	2,736
Write-down of inventories to net realisable value**	**3,958**	13,010
Foreign exchange differences, net	**239**	3,006
Government grants	**(43,420)**	(25,768)
Impairment/(reversal of impairment) of trade receivables, net	**2,168**	(26)
Impairment of other receivables, net	**509**	–
Bank interest income	**(405)**	(1,159)
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration):		
Wages and salaries	**64,709**	92,274
Pension scheme contributions***	**19,383**	21,076
Staff welfare expenses	**3,674**	5,939
Share-based payment expense	**11,368**	9,617
Total	**99,134**	128,906

* The amortisation of technology know-how and software is included in "Research and development costs" in the consolidated statement of profit or loss and other comprehensive income. The amortisation of deferred development costs is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

** The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024	2023
	RMB'000	*RMB'000*
Interest on bank and other borrowings	**31,366**	12,276
Interest on lease liabilities	**326**	361
Interest on discounted notes receivable	**959**	1,450
Total	**32,651**	14,087

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The provision for current income tax in Mainland China is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiary of the Group as determined in accordance with the PRC Corporate Income Tax Law. During the year, the Company was accredited as a High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% in 2024 (2023: 15%).

Pursuant to the relevant tax laws of Singapore, the subsidiary which operates in Singapore was subject to corporate income tax at the rate of 17% (2023: 17%) on the taxable income.

Pursuant to the relevant tax laws of the USA, federal corporation income tax was levied at the rate of 21% (2023: 21%) on the taxable income arising in the USA.

A reconciliation of the tax expense applicable to profit/(loss) before tax using the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit/(loss) before tax	**73,189**	(119,377)
Tax charged at the statutory tax rate of 25%	**18,297**	(29,844)
Effect of different tax rates enacted by local authorities	**644**	780
Effect of preferential income tax rate enacted by local authority	**(10,370)**	8,284
Additional deductible allowance for research and development costs	**(23,204)**	(30,538)
Expenses not deductible for tax	**646**	251
Deductible temporary differences and tax losses not recognised	**13,987**	51,067
Tax charge at the Group's effective tax rate	**–**	–

9. DIVIDENDS

No dividends have been paid or declared by the Company during the year (2023: Nil).

10. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amount is based on the profit/(loss) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 535,933,694 (2023: 509,278,094) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

11. TRADE AND NOTES RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**435,237**	213,199
Notes receivable	**20,535**	62,996
	455,772	276,195
Impairment	**(2,168)**	–
Net carrying amount	**453,604**	276,195

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to three months, depending on the specific payment terms in each contract. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables is an amount due from a related party of RMB249,000 (2023: RMB554,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

At 31 December 2024, notes receivable of RMB7,043,000 (31 December 2023: RMB62,996,000) whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under IFRS 9. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant. The remaining notes receivable of RMB13,492,000 (2023: Nil) were measured at amortised cost.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**432,204**	206,276
3 to 6 months	**2,820**	5,730
6 to 12 months	**171**	1,193
1 to 2 years	**42**	–
Total	**435,237**	213,199

The movement in the loss allowance for impairment of trade receivables is as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**–**	26
Impairment losses, net	**2,168**	(26)
At end of year	**2,168**	–

12. TRADE AND NOTES PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**125,137**	185,691
Notes payable	**88,457**	31,881
Total	**213,594**	217,572

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**64,322**	120,678
3 to 6 months	**11,970**	30,234
6 to 12 months	**19,507**	27,828
1 to 2 years	**24,794**	4,999
Over 2 years	**4,544**	1,952
Total	**125,137**	185,691

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

The maturity of notes payable is within twelve months.

Notes payable were secured by certain of the deposits amounting to RMB7,038,000 (2023: RMB12,290,000).

13. SHARE CAPITAL

Shares

	2024	2023
	RMB'000	*RMB'000*
Issued and fully paid:		
535,933,694 (2023: 509,278,094) ordinary shares	**535,934**	509,278

A summary of movements in the Company's share capital is as follows:

	Number of shares	**Share capital** *RMB'000*
At 1 January 2023 and 31 December 2023	509,278,094	509,278
Shares issued *(note)*	26,655,600	26,656
At 31 December 2024	535,933,694	535,934

Note:

On 7 August 2024, a total of 26,655,600 shares were placed at a placing price of HK$9.5 per placing share, resulting in the issue of 26,655,600 shares for a total proceeds, before expenses, of HK$253,228,000 (equivalent to RMB231,861,000). A portion of the gross proceeds amounted to HK$29,113,000 (equivalent to RMB26,656,000) was credited to share capital and the remaining balance after deducting expenses of HK$221,566,000 (equivalent to RMB202,871,000) was credited to the share premium account.

14. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

Name	**Relationship with the Company**
Shandong Luye Pharmaceutical Co., Ltd. ("**Shandong Luye**")	The immediate holding company
Mr. Liu Dian Bo	Director of Shandong Luye
Yantai Luye Pharmaceutical Holdings Co., Ltd. ("**Yantai Luye**")	Shareholder of Shandong Luye
Luye Pharma Hong Kong Limited ("**Luye Hong Kong**")	Shareholder of Yantai Luye
Nanjing Luye Pharmaceutical Co., Ltd. ("**Nanjing Luye**")	Controlled by Yantai Luye
Yantai Luye Drugs Trading Co., Ltd. ("**Luye Trading**")	Controlled by Shandong Luye
Nanjing Junshi Management Consulting Co., Ltd. ("**Nanjing Junshi**")	Controlled by Shandong Luye
Nanjing Jimai Biological Technology Co., Ltd. ("**Nanjing Jimai**")	Controlled by Nanjing Luye
Shandong International Biotechnology Development Co., Ltd. ("**Biotech Park Development**")	Controlled by Mr. Liu Dian Bo
GeneLeap Biotechnology LLC ("**GeneLeap Biotechnology**")	Controlled by Mr. Liu Dian Bo
Yantai Yunyue Winery Management Co., Ltd. ("**Yunyue Winery**")	Controlled by Mr. Liu Dian Bo
Yantai Pull Valley Winery Management Co., Ltd. ("**Pull Valley Winery**")	Controlled by Mr. Liu Dian Bo
Yantai Cellzone Medical Diagnostics Center Co., Ltd. ("**Yantai Cellzone**")	Controlled by Mr. Liu Dian Bo

(a) The Group had the following transactions with related parties during the year:

	Notes	**2024** ***RMB'000***	2023 *RMB'000*
Sales of goods to:			
Luye Trading	*(i)*	**692**	1,607
Lease and property management services from:			
Shandong Luye	*(ii)*	**1,834**	413
Biotech Park Development	*(ii)*	**4,697**	494
Nanjing Luye	*(ii)*	**726**	256
Luye Trading	*(ii)*	**14**	23
Testing services from:			
Shandong Luye	*(ii)*	**23**	30
EHS management services from:			
Shandong Luye	*(ii)*	**423**	854
Operation services from:			
Nanjing Luye	*(ii)*	**750**	1,218
Nanjing Jimai	*(ii)*	**340**	–
Accommodation services from:			
Yunyue Winery	*(ii)*	**74**	74
Purchase of welfare goods from:			
Pull Valley Winery	*(ii)*	**161**	–
Advances from:			
Luye Hong Kong	*(ii)*	**1,438**	1,374
Payments on behalf by:			
Shandong Luye	*(iii)*	**7,256**	18,422
Biotech Park Development	*(iii)*	**2,065**	2,080
GeneLeap Biotechnology	*(iii)*	**2,624**	2,368
Yantai Luye	*(iii)*	**–**	132
Repayments to:			
Shandong Luye	*(iii)*	**22,212**	14,863
Biotech Park Development	*(iii)*	**3,013**	1,512
GeneLeap Biotechnology	*(iii)*	**2,645**	2,347
Yantai Luye	*(iii)*	**38**	294

Notes:

(i) The transaction price was determined on normal commercial terms, negotiated on arm's length basis, and on similar basis as the Group conducted businesses with major customers.

(ii) The transaction prices were determined on terms mutually agreed between the parties with reference to the actual cost and fees for similar transactions in the market.

(iii) The payments on behalf and advances were unsecured, interest-free and repayable on demand.

(b) Other transactions with related parties:

Shandong Luye, the Company's immediate holding company, and Yantai Luye, shareholder of Shandong Luye, have guaranteed certain bank loans made to the Group amounting to RMB160,208,000 (2023: RMB210,273,000) as at the end of the reporting period.

Shandong Luye, the Company's immediate holding company, has guaranteed certain bank and other borrowings made to the Group amounting to RMB510,809,000 (2023: RMB100,000,000) as at the end of the reporting period.

(c) Outstanding balances with related parties:

	2024	2023
	RMB'000	*RMB'000*
Trade receivables:		
Luye Trading	**249**	554
Due to related parties:		
Shandong Luye*	**2,684**	17,499
Biotech Park Development**	**2,059**	2,031
Nanjing Luye	**482**	1,237
GeneLeap Biotechnology***	**–**	21
Yantai Luye***	**–**	38
Yantai Cellzone	**1,164**	1,164
Luye Hong Kong***	**2,876**	1,374
Nanjing Junshi	**1,532**	1,532
Nanjing Jimai	**360**	–
Yunyue Winery	**–**	11
Total	**11,157**	24,907
Lease liabilities:		
Biotech Park Development	**–**	1,190
Nanjing Luye	**–**	739
GeneLeap Biotechnology	**6,594**	7,813
Total	**6,594**	9,742

* As at the end of the reporting period, the outstanding balance of RMB1,011,000 (2023: RMB1,647,000) was trade in nature and RMB1,673,000 (2023: RMB15,852,000) was non-trade in nature.

** As at the end of the reporting period, the outstanding balance of RMB880,000 (2023: Nil) was trade in nature and RMB1,179,000 (2023: RMB2,031,000) was non-trade in nature.

*** The balances were non-trade in nature.

Other outstanding balances with related parties were all trade in nature.

The balances with related parties except for lease liabilities are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Group:

	2024	2023
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**9,560**	10,469
Performance related bonuses	**1,104**	3,767
Pension scheme contributions	**821**	870
Share-based payment expense	**14,409**	15,294
Total compensation paid to key management personnel	**25,894**	30,400

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Boan Biotech is a fully-integrated biopharmaceutical company that specializes in developing, manufacturing, and commercializing biologics, with a focus on oncology, autoimmune diseases, ophthalmology, and metabolic diseases. Our drug discovery activities revolve around multiple platforms, including: Human Antibody Transgenic Mouse and Phage Display Technology Platform, Bispecific T-cell Engager Technology Platform, Antibody Drug Conjugate ("**ADC**") Technology Platform and Cell Therapy Platform.

We operate across the entire value chain of the industry covering antibody discovery, cell line development, upstream and downstream process development, analytical and bio-analytical method development, technology transfer, non-clinical research, clinical research, regulatory affairs and registration, and commercial production. In the cell therapy field, we focus on a new generation of enhanced and regulated CAR-T technology, developing safer, more effective, and affordable treatments for patients.

Our portfolio includes three commercial products, and our pipeline includes multiple novel biologics as drug candidates protected for their international intellectual property rights, and a number of biosimilar candidates. In addition to China, we are also developing biopharmaceutical products in the overseas markets, including the United States ("**U.S.**"), the European Union ("**EU**") and Japan. With a differentiated portfolio and well-established commercial capabilities, we operate across the industry's value chain from R&D to manufacturing and commercialization, laying a solid foundation for long-term, high-quality growth in the future.

2024 Annual Review

From the beginning of 2024, we have made significant achievements in all aspects of pipeline development, sales and marketing, manufacturing, and business collaboration.

During the Reporting Period, we recorded an increase in revenue of 17.5% to RMB726.3 million as compared to that of 2023, which demonstrated our continued capability to bring our biologics portfolio to market and maintain market share. As of the date of this announcement, three of our products (Boyounuo®, Boyoubei® and Boluojia®) have been successfully marketed in Chinese Mainland (excluding Hong Kong, Macau and Taiwan regions of the People's Republic of China). These products have been sold to over 2,928 target hospitals and institutions in China. A number of post-marketing clinical observational studies have been carried out on Boyounuo® and Boyoubei®. In addition, our Boluojia®, the denosumab injection for anti-tumor indication, has been approved for marketing in May 2024. We believe that with approvals of new products, the accumulation of more clinical data, the coverage of wider markets and various external collaborations with experienced partners, our business will continue to grow steadily.

Two drug candidates entered the biologics license application ("**BLA**") stage in China. The BLA of BA5101 has been accepted by the Centre for Drug Evaluation ("**CDE**") of the National Medical Products Administration ("**NMPA**") in China in May 2024. As far as the Company aware, BA5101 is still the only one biosimilar of Trulicity® in the world that has filed BLA. The BLA of BA9101 has been accepted by CDE in July 2024. The phase 3 clinical study of BA1104 is also progressing well. We also have one pipeline product (BA2101) entered phase 2 clinical trial and four pipeline products (BA1301, BA1202, BA1106 and BA1302) progressing well in their phase 1 clinical trials in China. Among them, BA1302 has been approved to initiate clinical trials in China in July 2024 and the first patient has been dosed in the phase 1 clinical trial in November 2024. It is the only CD228 ADC undergoing clinical development worldwide.

For the progress of pipeline products in overseas, the international multi-center phase 3 clinical study for our Denosumab Injection (BA6101 and BA1102) initiated in Europe, the U.S., and Japan completed patient enrollment in January 2024. BA5101 has been approved to initiate clinical trials in the U.S. in August 2024. BA1301 have also been granted Orphan Drug Designations ("**ODD**") by the U.S. Food and Drug Administration ("**FDA**") for gastric cancer, including cancer of gastroesophageal junction. In March 2025, BA1302 was granted the ODD by the FDA for the treatment of squamous non-small-cell lung cancer and pancreatic cancer respectively.

We continued to consolidate our R&D capabilities and industry influence. As of 31 December 2024, our R&D team had 286 experienced employees covering biopharmaceutical discovery research, biotechnology research, biopharmaceutical analysis research, biological activity research, non-clinical research, pilot process research, clinical research, regulatory affairs, project management and intellectual property and other R&D functions. From the beginning of 2024 to the date of this announcement, we have been granted ten new patents and ten new pending patent applications worldwide. As of the date of this announcement, we have been granted 43 patents and have 52 pending patent applications worldwide.

We have sufficient production capacity to meet the current commercial needs of our products. As of the date of this announcement, we have commercial production capacity of 9,000L and pilot production capacity of 2,000L. During the Reporting Period, we achieved significant improvements in quality and efficiency by enhancing and upgrading the production processes of existing products, continuously advancing digital manufacturing, and implementing domestic substitutions to reduce production costs. In addition, we have received GMP certification from ANVISA for our biological product, Boyuno® (the name of Boyounuo® in Brazil), covering the drug substance and the drug product in January 2024. ANVISA is a member of the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Cooperation Scheme (PIC/S). The ANVISA GMP certification represents a pivotal step for the subsequent marketing authorization approval of Boyuno® and establishes a robust foundation for the global commercialization of our future biologics. We have also built an electronic data environment for production, document management, training, warehousing and other aspects, promoting the integration of production data, flexible manufacturing, and intelligent management, improving production efficiency and production operation flexibility, optimizing production costs, and ensuring drug quality and patient safety.

We are actively exploring external business development and licensing-out arrangements. In January 2024, we entered into an agreement with Joincare Pharmaceutical Group Industry Co., Ltd. ("**Joincare**"), in relation to the exclusive licensing and commercialization of BA2101 in the treatment of asthma, chronic obstructive pulmonary disease ("**COPD**") and other respiratory system diseases in Chinese Mainland. We also entered into an agreement with the Zencore Biologics Co., Ltd. ("**Zencore Biologics**"), authorizing Zencore Biologics to use our self-developed stable cell line development platform non-exclusively, BA-HIEXcell® for the development of antibodies and therapeutic proteins in Chinese Mainland. In November 2024, we have signed a licensing agreement for commercializing denosumab injection (BA6101 and BA1102) in the Brazilian market with a strategic partner. In January 2025, we have granted the promotion rights of denosumab injection (BA6101 and BA1102) in Hong Kong SAR and Macau SAR to Kexing Biopharm Co., Ltd. ("**Kexing Biopharm**"). In addition, we have started discussions with a number of pharmaceutical companies (including multinational corporations ("**MNCs**")) or investment institutions for the licensing or co-development of our innovative drug pipelines, and explored international commercialization cooperation with our overseas partners for our products that have been marketed or completed clinical trials in China.

Apart from the abovementioned achievements, we also believe the following strengths and progress have contributed towards our success and differentiated us from other biopharmaceutical companies.

Risk-Balanced Product Pipeline

We, through years of efforts and dedication, have incubated a robust and risk-balanced portfolio, which brings us clear short-term commercial visibility and allows us to pursue long-term sustainable growth. Specifically, our portfolio, including three commercialized products, two candidates under BLA review and six candidates under clinical trials, as of the date of this announcement, focuses on popular key therapeutic areas including oncology, metabolism, autoimmunity, and ophthalmology, which entail significant unmet needs and potential in China and overseas markets.

The following table summarizes our Commercialized Products and drug candidate pipeline under development in China and worldwide across various therapeutic areas as of the date of this announcement:

	Therapeutic area	Product (reference drug)	Target	Indication	Territory	Clinical trial region	Pre-clinical	IND	Phase 1a	Phase 1b/2	Phase 3	BLA filed	Launched
Innovative Antibody Portfolio	Oncology	BA1301	Claudin 18.2 ADC	Gastric cancer, pancreatic cancer, and esophageal cancer	Global	China							
		BA1202	CEA/CD3	CRC, pancreatic duct adenocarcinoma, etc.	Global	China							
		BA1106	CD25	Solid tumor	Global	China							
		BA1302	CD228 ADC	CRC, breast cancer, NSCLC, pancreatic cancer, etc.	Global	China							
	Autoimmune	BA2101	IL4R (Long-Acting)	Atopic dermatitis, asthma, sinusitis, pruritus, urticaria, COPD etc.	Global	China							*Mainland Rights for Respiratory Disease Indications of BA2101 given to Joincare*
Biosimilar Portfolio	Oncology	Boyounuo® (BA1101, an Avastin® biosimilar)	VEGF	mCRC, advanced metastatic or recurrent NSCLC, recurrent glioblastoma, epithelial ovarian, fallopian tube or primary peritoneal cancer, cervical cancer and hepatocellular carcinoma	Global	China							
						Brazil							
		Boluojia® (BA1102, Xgeva® biosimilar)	RANKL	Bone metastases from solid tumors, and GCTB	Global	China					*Promotion Rights of HK&Macau given to Kexing*		
						Overseas					*Patient enrollment of phase 3 completed*		
		BA1104 (Opdivo® biosimilar)	PD-1	Melanoma, NSCLC, malignant pleural mesothelioma, RCC, cHL, SCCHN, urothelial carcinoma, colorectal cancer, HCC, esophageal cancer, gastric cancer, gastroesophageal junction cancer, and esophageal adenocarcinoma	Global	China							
						Overseas		*Completed communication with FDA and waived Phase 3*					
	Metabolism	Boyoubei® (BA6101, Prolia® biosimilar)	RANKL	Osteoporosis	Global	China				*Promotion rights of mainland given to Qingdao Conson, Promotion rights of HK&Macau given to Kexing*			
						Overseas					*Patient enrollment of phase 3 completed*		
		BA5101 (Trulicity® biosimilar)	GLP-1	Type 2 diabetes	Global	China						*BLA accepted*	
						Overseas			*IND approved by FDA*				
	Ophthalmology	BA9101 (Eylea® biosimilar)	VEGF	wAMD, RVO, DME, and DR	Global	China						*BLA accepted; Promotion Rights given to Ocumension*	
						Overseas							

Commercialized products

Boyounuo® (BA1101, bevacizumab injection): *an anti-VEGF humanized monoclonal antibody injection and a biosimilar to Avastin® independently developed by us.*

It has been approved for marketing by the NMPA in China in April 2021. As of the date of this announcement, Boyounuo® has been approved for 6 indications (mCRC, advanced metastatic or recurrent non-small cell lung cancer, recurrent glioblastoma, epithelial ovarian, fallopian tube or primary peritoneal cancer, cervical cancer and hepatocellular carcinoma) and all its indications has been included in the NRDL.

Boyoubei® (BA6101, 60mg denosumab injection): *a human immunoglobulin G2 monoclonal antibody of the RANK ligand and the first biosimilar to Prolia® independently developed by us.*

It has been approved for marketing by the NMPA in China for the treatment of postmenopausal women with osteoporosis at high risk for fracture in November 2022. It has been included in the NRDL and we have granted Qingdao Conson the exclusive right to commercialize Boyoubei® in Chinese Mainland.

- In January 2024, we completed the enrollment of all subjects for an international multicenter phase 3 clinical study of denosumab injection in Europe, the U.S., and Japan. According to the Guidelines by the FDA, the European Medicines Agency ("**EMA**") and the Japanese Pharmaceuticals and Medical Devices Agency ("**PMDA**") and based on our discussions with the FDA, EMA and PMDA, after completion of this phase 3 clinical study, we can submit BLAs for BA6101 and BA1102 for all the approved indications as Prolia® and Xgeva® in the U.S., Europe, and Japan, respectively.

Boluojia® (BA1102, 120mg denosumab injection): *a fully human IgG2 anti-RANKL monoclonal antibody and a biosimilar to Xgeva® independently developed by us.*

- In January 2024, we completed the enrollment of subjects for an international multicenter phase 3 clinical study of denosumab injection in Europe, the U.S., and Japan. According to the Guidelines by the FDA, EMA and PMDA and based on our discussions with the FDA, EMA and PMDA, after completion of this phase 3 clinical study, we can submit BLAs for BA6101 and BA1102 for all the approved indications as Prolia® and Xgeva® in the U.S., Europe, and Japan, respectively.

- In May 2024, Boluojia® has been approved for marketing by the NMPA in China for the treatment of giant cell tumor of bone ("**GCTB**") that is unresectable or where surgical resection is likely to result in severe morbidity in adults and skeletally mature adolescents (defined as having at least one mature long bone and with body weight≥45 kg). At the same time, we are working on the BLA of Boluojia® in China for the indications of bone metastases from solid tumors and multiple myeloma.

- In February 2025, the phase 3 clinical trial results of BA1102 were published in Journal of Bone Oncology.

Products to be commercialized in the near future

BA5101 (dulaglutide injection): *a long-acting glucagon-like peptide-1 (GLP-1) receptor agonist and a biosimilar to Trulicity® independently developed by us.*

BA5101 is intended for glycemic control in adults with type 2 diabetes. It is the first Trulicity® biosimilar developed by a Chinese company to be approved for clinical trials in the U.S. It is also the first proposed biosimilar to Trulicity® to submit a BLA in China.

- In March 2024, we completed its phase 3 clinical trial (a comparative study of efficacy, safety and immunogenicity) in China.

- In May 2024, the BLA for this drug has been accepted by the CDE of NMPA in China.

- In August 2024, the U.S. FDA has approved the initiation of clinical trials in the U.S. for BA5101.

BA9101 (aflibercept intravitreous injection): *a recombinant human vascular endothelial growth factor receptor antibody fusion protein ophthalmic injection and a biosimilar to Eylea®.*

Aflibercept is widely used as a first-line treatment for Neovascular (Wet) Age-Related Macular Degeneration (nAMD), Diabetic Macular Edema (DME), Macular Edema Following Retinal Vein Occlusion (RVO), Diabetic Retinopathy (DR), Visual Impair due to Myopic Choroidal Neovascularization (mCNV) and Retinopathy of Prematurity (ROP) worldwide, and its future market is promising driven by the demand in the clinical practice.

*Pursuant to a collaboration and exclusive promotion agreement entered in October 2020, we jointly developed BA9101 with Ocumension Therapeutics (a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with stock code: 1477) in the phase 3 clinical trial of BA9101. We have granted Ocumension Therapeutics an exclusive right to promote and commercialize BA9101 in Chinese Mainland. We believe that Ocumension Therapeutics, as a well-known ophthalmology company with a professional team, will accelerate the commercialization of BA9101 to meet the urgent clinical needs of Chinese patients and strengthen our position in the field of biological products.*

- In July 2024, the BLA for this drug has been accepted by the CDE of NMPA in China.

BA1104 (nivolumab injection): *a monoclonal antibody that can enhance the immune response of T cells against tumors by preventing the programmed cell death 1 (PD-1) receptor from binding to its ligands PD-L1 and PD-L2. It is a biosimilar to Opdivo® independently developed by us.*

Being a broad-spectrum anticancer medication, Nivolumab has been approved for multiple indications both in China and abroad. These include its use as a neoadjuvant, an adjuvant, or a first-line or later-line therapy for advanced cancers. It can be used as a standalone treatment, in combination with chemotherapy, or alongside with novel immune checkpoint inhibitors. Nivolumab has become a product of basic therapy for a variety of solid tumors.

- In October 2023, the first patient in the phase 3 clinical trial of BA1104 in China was enrolled. As the date of this announcement, this phase 3 clinical trial is well progressing.

- In September 2024, the phase 1 clinical study aimed to establish the pharmacokinetic (PK) similarity between BA1104 and Opdivo® was published online in BioDrugs.

- In March 2025, we held a Biological Product Development (BPD) type 2b meeting with the FDA. The FDA has agreed that the phase 3 clinical trial of BA1104 is not needed.

Other pipeline products

BA2101: *a long-acting human monoclonal antibody of the IgG4 subtype that targets interleukin-4 receptor subunit α (IL-4Rα) independently developed by us.*

The investigational drug can inhibit IL-4 and IL-13 signaling simultaneously, regulate the Th2 inflammatory pathway, and reduce eosinophils and circulating IgE levels. It is intended to be used for treating allergic diseases caused by Th2 inflammation. We have obtained regulatory approval to conduct clinical trials of BA2101 for indications including atopic dermatitis, asthma, COPD, chronic rhinosinusitis with nasal polyps, prurigo nodularis, and chronic spontaneous urticaria (CSU). Compared to drugs with the same target which usually require dosing every two weeks, BA2101 can remain active for a longer period of time. Preclinical studies show that BA2101 has a longer half-life in cynomolgus monkeys than a marketed product with the same target, a feature that is expected to enable dosing once every four weeks in humans. Results of the completed phase 1 clinical trial show that BA2101 has a longer half-life and lower clearance rate than the marketed product.

- We have completed the phase 1 clinical trial of BA2101 in 2023 and initiated a phase 2 clinical trial of BA2101 in January 2024.

- In January 2024, we have entered into a partnership with Joincare in relation to our BA2101. In this partnership, Joincare is granted the exclusive right to develop and commercialize BA2101 in Chinese Mainland for treating respiratory diseases such as asthma and COPD. The partner, Joincare, is a leading Chinese company in the therapeutic area of respiratory diseases. It boasts a wide range of respiratory products and has a dedicated marketing team covering the whole country, making it a top player in the field. Through this partnership, we will leverage our respective strengths in R&D and commercialization to accelerate the clinical development of BA2101 for indications such as asthma and COPD.

BA1106: *a non-IL-2 blocking anti-CD25 antibody independently developed by us.*

BA1106 is the first investigational anti-CD25 antibody to start clinical trials in China for treating solid tumors. Anti-CD25 antibodies are broad-spectrum immuno-oncology drugs with the potential to treat multiple cancers where CD25 is highly expressed, including cervical cancer, renal cancer, ovarian cancer, melanoma, pancreatic cancers, hepatocellular carcinoma, gastric cancer, and breast cancer. BA1106 therefore has great potential for treating those cancers. However, developing anti-CD25 antibodies faces two major challenges: first, the function of Fc as a mediator is limited, and as a result, they only work in early-stage tumor models but not in late-stage tumor models; second, the IL-2 signaling pathway is blocked, leading to poor antitumor outcomes. BA1106 is a drug candidate that can successfully overcome these two challenges.

The main mechanism of action of BA1106 is to deplete Treg cells in the tumor microenvironment through the ADCC and increase the number of effector T cells. Preclinical studies have shown that BA1106 demonstrated a good therapeutic effect on both early-stage and late-stage tumor models, and it has a synergy when used in combination with an anti PD-1 antibody. Moreover, BA1106 does not block the IL-2 signaling pathway, and depletes Treg cells moderately and specifically, with the potential for monotherapy and combination therapy. The results of the study on BA1106 have been published in Scientific Reports, a journal of Nature.

- In 2023, BA1106 entered a phase 1 clinical trial in China. As of the date of this announcement, this phase 1 clinical trial is well progressing. We have completed the monotherapy dose-escalation part of this clinical trial and commenced the clinical trial for combination therapy with anti PD-1 antibody.

BA1202: *a novel bi-specific antibody (bispecific antibody) drug that targets CEA/CD3 independently developed by us.*

*BA1202 is a CEA/CD3 bispecific antibody that binds to both CD3 on T cells and CEA on tumor cells, enabling the linking of T cells with tumor cells to facilitate tumor killing. CD3 bispecific antibodies are an important direction for the development of innovative cancer immunotherapies. They function by recruiting CD3+T cells to target tumors. As a bispecific T-cell engager (BiTE), they can bind to both CD3 antigens on the T cell surface and tumor associated antigens. This enables them to bring T cells to tumor cells and stimulate the release of granzymes and perforin from T cells, which in turn leads to the killing of tumor cells. In addition, CD3 bispecific antibodies can enhance the sensitivity of immunotherapy as they can help turn cold tumors into hot ones by increasing immune cells infiltration into tumor tissues. This characteristic indicates their potential for use in combination with immune checkpoint inhibitors such as PD-L1 antibodies for enhanced efficacy. CEACAM5 ("**CEA**") is widely expressed on the cell surface of many epithelial tumors, such as colorectal cancer, NSCLC, pancreatic cancer, and gastric cancer, but is expressed less in normal tissues, making it a potential target for tumor-targeted therapy.*

BA1202 adopts a new butterfly-shaped antibody structure, with one end binding bivalently with high affinity to CEA on tumor cells, and the other end binding monovalently with relatively low affinity to CD3 on T cells, while retaining the Fc region. Such design enables it to reduce the risk of cytokine release syndrome (CRS) while retaining good efficacy through activating endogenous T cells to eliminate CEA-positive tumor cells.

- In 2023, BA1202 entered a phase 1 clinical trial in China. As the date of this announcement, this phase 1 clinical trial is well progressing.

BA1301: *an ADC candidate that targets Claudin 18.2 independently developed by us.*

BA1301 for injection is our first novel ADC candidate that targets Claudin 18.2. It employs a site-specific conjugation technology to connect the cytotoxic payload with a monoclonal antibody that targets Claudin 18.2. This enables the cytotoxic payload to be directed to the tumor site through the targeting characteristics of the antibody. Such design reduces the toxic side effects of the cytotoxic payload, thus improving the therapeutic window, while retaining its tumor-killing effect.

- In 2023, BA1301 entered a phase 1 clinical trial in China. As of the date of this announcement, this phase 1 clinical trial is well progressing. We have completed the monotherapy dose-escalation part of this clinical trial and commenced the dose expansion part.

- In January 2024, BA1301 was granted the ODD by the FDA for the treatment of gastric cancer, including cancer of gastroesophageal junction. Previously, BA1301 have also been granted the ODD by FDA for the treatment of pancreatic cancer.

BA1302: *a novel CD228-directed ADC independently developed by us.*

Initially identified in melanoma, CD228 is a GPI-anchored glycoprotein that plays a role in tumor cell proliferation and migration. It is highly expressed in a variety of solid tumors such as non-small cell lung cancer, breast cancer, melanoma, mesothelioma, colon cancer, and pancreatic cancer, but has a low expression in normal tissues. Therefore, CD228 is highly specific in terms of its expression in tumors.

BA1302 is a novel ADC drug targeting CD228. The antibody part of BA1302 is an innovative human anti-CD228 monoclonal antibody derived from BA-huMab®, our proprietary human antibody transgenic mice. It binds with the membrane-bound form of CD228 only, not with sMF12, which is the soluble form of CD228. This highly binding specificity reduces the non-specific binding, to ensure higher efficacy and safety. The chemical part of BA1302 is BNLD11, an innovative linker-payload, which has remarkable in vitro and in vivo stability. Structurally, approximately four BNLD11 molecules are conjugated to each antibody molecule on average. This design enhances the drug's cell killing efficiency while minimizing the toxicity associated with payload release, thus striking a balance between therapeutic effects and toxic side effects.

Preclinical studies have shown that BA1302 is very potent in terms of internalization activity and bystander killing effect. It has the potential to treat a broad spectrum of solid tumors as evidenced by its significant cytotoxicity against three types of cancers (i.e. lung cancer, gastric cancer, and melanoma) with CD228 expression ranging from low to high, as well as robust tumor suppression in patient-derived xenograft (PDX) models for multiple types of solid tumors. BA1302 has shown a prolonged half-life, favorable pharmacokinetics, and a good safety and tolerability profile in cynomolgus monkeys, indicating great promise for clinical use.

- In July 2024, BA1302 has been approved to initiate clinical trials for treating multiple types of advanced solid tumors by the CDE of NMPA in China. This is the first CD228 targeted novel ADC drug candidate approved for clinical trials in China.

- In November 2024, the first patient has been dosed in the phase 1 clinical trial of BA1302.

- In December 2024, a comprehensive review article written by us titled "Unlocking the potential of melanotransferrin (CD228): implications for targeted drug development and novel therapeutic avenues" was published in the journal 'Expert Opinion on Therapeutic Targets' published by Taylor & Francis. The article reviews the research findings in the field of CD228 and discusses its implication in cancer therapy.

- In March 2025, BA1302 was granted the ODD by the FDA for the treatment of squamous non-small-cell lung cancer and pancreatic cancer respectively.

Strong R&D Capabilities

We have a fully-fledged proprietary R&D technology platform focusing on antibody discovery and drug development. We have R&D teams and facilities located in Yantai and Nanjing in China and Boston in the U.S., with rich experience and strong track records in drug discovery and development. In terms of technology, we boast proprietary Human Antibody Transgenic Mouse and Phage Display Technology Platform, Bispecific T-cell Engager Technology Platform, ADC Technology Platform, and Cell Therapy Technology Platform which we believe these will provide us with great technological support.

We take pride in our strong chemistry, manufacturing and controls ("**CMC**") capability which is the backbone of the quality and cost efficiency that we have maintained throughout the process of our drug development and commercial production, especially in cell line development, upstream and downstream process development, analytical and bio-analytical method development as well as technology transfer. Our CMC function establishes practical qualitative and quantitative standards for us to maintain product quality and effectively progresses drug discovery to actual manufacturing.

Our strong CMC capability accumulated through the years of effort has shortened drug development time and enabled speed to market. We believe such capability is a formidable barrier to competitors and has paved the way for our first-mover advantage.

Our high caliber R&D team has outstanding execution capability in drug development with a proven track record. As of 31 December 2024, our R&D team consisted of 286 experienced employees covering biopharmaceutical discovery research, biotechnology research, biopharmaceutical analysis research, biological activity research, non-clinical research, pilot process research, clinical research, regulatory affairs, project management and intellectual property and other R&D functions, most of whom had R&D and clinical experience of more than seven years.

As a biopharmaceutical company, we are keenly aware of the importance of establishing and protecting our intellectual property rights. We have filed a number of patent applications for our drug candidates in various jurisdictions, and expect to rely on a combination of patents, trademarks, trade secrets and other intellectual property rights, as well as employee and third party confidentiality agreements, for safeguarding our intellectual properties. As of the date of this announcement, we have been granted 43 patents and have 52 pending patent applications worldwide.

Underpinned by our strong R&D capability, we have published 19 research papers in world renowned academic journals including Cell Discovery of Nature, Antibody Therapeutics, and Cancer Communications, introducing our research breakthroughs on some of our drug candidates.

In October 2024, our site-specific integration cell line development platform BA-Fastcell® debuted at BioProcess International Asia 2024 (BPI Asia 2024). Our BA-Fastcell® can insert GOI into highly stable and transcriptionally active loci on the chromosome of CHOK1 cells precisely and rapidly; allowing establishment of high-yield monoclonal cell lines within 8 weeks from transfection, comparing to an average of 24-28 weeks with traditional technologies. BA-Fastcell® platform has also been validated by different molecular types. Pool cells without monoclonal isolation have shown stability in cell growth and protein expression. Such approach can significantly reduce the workload of cell line screening and enable parallel process development during cell line development. Both the development speed and protein expression level of the platform are at an industry-leading level.

Strong Manufacturing Capability with High Quality and Cost Efficiency

We have a sizable pilot and commercial production site located in Yantai, China. We employ a robust quality management system for the Yantai Site that meets various quality standards such as good manufacturing practice set by the relevant regulatory authorities of China and the EU Quality Person ("**QP**"). We have passed a number of audits in China and the EU QP. Our Yantai Site, having a total gross floor area of approximately 84,474 sq.m., houses a number of production lines with a total capacity of 2,000L for pilot production and 9,000L for commercial production, as well as two formulation filling lines for both pilot and commercial production as of the date of this announcement. Our manufacturing system, including production, quality, engineering and etc., managed by a strong and integrated team, has a total of 402 employees as of 31 December 2024.

Apart from production capacity, our proprietary manufacturing capability, such as perfusion culture and fed-batch culture, provides flexibility and improves the throughput and production efficiency. Our Yantai Site is also highly versatile, adaptable to manufacturing drugs targeting different antibodies, and is capable of producing various formulations. To further improve production cost efficiency, we utilize digital management in our production.

While improving production efficiency and scale, we are also practicing the concept of green and sustainable development. By formulating a sound environmental management system, we improve resource utilization, promote energy conservation and emission reduction, accelerate the application of artificial intelligence, promote digital transformation, and promote the high quality development of enterprises.

Well-Established Commercialization Capability

We have successfully expanded our commercial portfolio into three products (Boyounuo®, Boyoubei® and Boluojia®) spanning over multiple therapeutic areas.

During the Reporting Period, we have increased product revenue by 12.1% to RMB689.9 million, compared to RMB615.3 million for the year ended 31 December 2023, mainly driven by the stable sales of our first marketed product Boyounuo® (bevacizumab injection) coupled with strong growth of our second marketed product Boyoubei® (denosumab injection).

Leveraging our well-established and demonstrated commercialization capability backed by marketing strategies implemented by our dedicated sales and marketing team, we believe that we are well positioned to achieve speed to market and rapid ramp-up of product sales. Internally, we have a dedicated in-house sales and marketing team with extensive industry experience, and they develop and implement marketing and sales initiatives and plans for our product and drug candidates in their scheduled rollouts. Externally, we collaborate with various resourceful business partners which lay the foundation for our strong commercialization capability. Our collaboration with experienced third-party promoters effectively publicizes and maximize market potential of our products.

We had an extensive distribution network of more than 242 distributors as of 31 December 2024, penetrating selected regions and reaching more than 2,928 target hospitals and institutions in China.

In May 2024, our third product Boluojia® was approved for the treatment of GCTB in China. GCTB is a primary borderline bone tumor that accounts for 13.7% to 17.3% of all the primary bone tumors cases in China. GCTB is locally aggressive, and has a propensity for local recurrence and distant metastases, which can be life-threatening in severe cases. For patients whose tumor can be surgically resected, denosumab can help achieve surgical downgrading or even avoid surgery. For patients whose tumor cannot be surgically resected, denosumab can effectively control it for prolonged periods and improve their quality of life. In addition to GCTB, we are also working on the BLA of Boluojia® in China for the indications of bone metastases from solid tumors and multiple myeloma. This product will bring new treatment options for patients with related diseases, and will also bring new growth to our product sales.

Extensive Collaboration with Various Resourceful Business Partners

We have explored a number of cooperations with well-known domestic and foreign companies in various fields as of the date of this announcement.

For our launched products and drug candidates under development in Chinese market, we have granted Qingdao Conson Pharmaceutical Co., Ltd. ("**Qingdao Conson**") the exclusive right to commercialize Boyoubei® in Chinese Mainland. We have also entered into an agreement with OcuMension regarding the product development cooperation, and promotion and commercialization of BA9101 in China. OcuMension is a well-known ophthalmology pharmaceutical company with a professional team. This cooperation will accelerate the commercialization of BA9101 to meet the urgent clinical needs of Chinese patients. In April 2024, BA9101 completed its phase 3 clinical trial in China and the BLA of BA9101 has been accepted by CDE in July 2024. In addition, we have granted Joincare the exclusive right to the development, registration, manufacturing, and commercialization of BA2101 for the treatment of asthma, COPD and other respiratory system diseases in Chinese Mainland in January 2024. Joincare is a leading Chinese company in the therapeutic area of respiratory diseases. It boasts a wide range of respiratory products and has a dedicated marketing team covering the whole country, making it a top player in the field. Through this partnership, we and Joincare will leverage our respective strengths in R&D and commercialization to accelerate the clinical development of BA2101 for indications such as asthma and COPD. We will also use our strong clinical capabilities to accelerate the development of additional indications, so that patients can benefit from BA2101 as soon as possible. In January 2025, we have granted the promotion rights of denosumab injection (BA6101 and BA1102) in Hong Kong SAR and Macau SAR to Kexing Biopharm.

In the overseas market, we have signed a licensing agreement for commercializing denosumab injection (BA6101 and BA1102) in the Brazilian market with a strategic partner in November 2024. In addition, we have started discussions with a number of pharmaceutical companies (including MNCs) or investment institutions for the licensing or co-development of our innovative drug pipelines, and explored international commercialization cooperation with our overseas partners for our products that have been marketed or completed clinical trials in China.

For technology platform, we have also entered into an agreement with the Zencore Biologics, authorizing Zencore Biologics to use our self-developed stable cell line development platform non-exclusively, BA-HIEXcell® for the development of antibodies and therapeutic proteins in Chinese Mainland. BA-HIEXcell® is a cutting-edge platform in the industry in terms of both the efficiency and the expression levels in cell line development.

For manufacturing and quality management, we have signed a strategic cooperation agreement with Qingdao Haier Biomedical Co., Ltd. ("**Haier Biomedical**"). According to the agreement, Haier Biomedical will upgrade the digital system and customize digital scenario solutions for us, including the EMS DataManager data analysis, QC-Sample Manager sample management system, EBR electronic batch record and other business areas, so as to improve the digital level of our manufacturing process and quality management. At the same time, the two parties will give full play to their respective resource advantages and explore the development and innovation direction of digital transformation of the pharmaceutical industry by using cutting-edge technologies such as digital analysis, automation, and AI integration.

Post Results Outlook

We have recorded revenue of RMB726.3 million and net profit of RMB73.2 million for the year ended 31 December 2024. This makes us one of the few Biotech Companies (as defined under the Listing Rules issued by The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) listed under Chapter 18A of the Listing Rules that have achieved positive earnings by relying on product sales revenue. It is expected that we can deliver increasing positive earnings for future years.

In addition, we have submitted BLA applications for two products (BA5101 and BA9101) in China, which are expected to be approved for marketing in China in the second half of 2025. These two products will continue to enrich our commercial portfolio to five products while providing a strong source of growth for our products revenue.

In terms of internationalization, our denosumab injection has completed the enrollment of all subjects in the international multi-center clinical trial in Europe, the U.S. and Japan, which will be completed in mid-2025. We plan to submit BLA for two denosumab injections (BA6101 and BA1102) in Europe, the U.S. and Japan at the end of 2025/1H of 2026. Another product, the dulaglutide injection, has also been approved by the U.S. FDA for clinical trials, providing a strong impetus for the international BD-out of this product.

In terms of innovative drugs, three of them entered into important part of clinical trials. Our BA1106 (andi-CD25 antibody) has completed the monotherapy dose escalation part of phase 1 clinical trial and plans to disclose the phased clinical results at an international academic conference in 2025. In addition, the combination therapy of BA1106 and anti PD-1 antibody has also been initiated, and it is expected to obtain the phased results within 2025. BA1301 (Claudin18.2 ADC) has completed the monotherapy dose escalation part of phase 1 clinical trial and is undergoing the dose expansion part of phase 1 clinical trial. The trial is scheduled to be completed in 2025. BA1302 (CD228 ADC) is undergoing the monotherapy dose escalation of phase 1 clinical trial and is expected to obtain preliminary clinical results in 2025. The relevant clinical results will also be presented and published in international academic journals or academic forums. In addition, we have a number of pre-clinical candidates with innovative mechanism expected to file IND in the next 2 years. We have started discussions with a number of pharmaceutical companies (including MNCs) or investment institutions for the licensing or co-development of these innovative drug pipelines. With such a wealth of R&D progress, we hope that there will be some opportunities for global cooperation reached in 2025.

Finally, our vision is to become a leading biopharmaceutical company. In order to achieve our vision and goals, we will continue to implement the following strategies.

Further strengthen our marketing capability and accelerate the commercialization of our drug candidates by leveraging our experience in commercialized products

We plan to continue to strengthen our commercialization capability, which is critical to our future success and profitability. Particularly, we plan to enhance the market share of Boyounuo®, Boyoubei® and Boluojia® by expanding our sales and marketing team and strengthening our distribution channels to cover more target hospitals. Our distributors and promoters support us in the sales and marketing of our products. Therefore, we plan to broaden our nationwide sales and distribution network through collaboration with sizable distributors having comprehensive distribution channels so as to reach more target hospitals with potential strong demand of our products. We also plan to continue to expand our experienced and professional sales and marketing team in China, which mainly focuses on market access, medical affairs, and any other promotional initiatives in the therapeutic areas of oncology, metabolism, autoimmunity and ophthalmology. To promote our products nationwide, we intend to selectively enter into promotion agreements with reputable pharmaceutical companies and continue to collaborate with leading key opinion leaders in market education and product promotion. For hospital coverage, we endeavour to enhance the penetration rate of hospitals in China with tailored strategies for our specific products.

Establishing our marketing network and expanding our overseas footprint is instrumental to our vision of becoming a leading global biopharmaceutical company. We plan to expand our presence into international markets through a number of ways in selected markets or regions including accelerating clinical trial plans, identifying and working with suitable distributors and collaborating with international reputable industry players on business development.

Accelerate products portfolio towards commercialization in selected overseas markets

We plan to continue to accelerate clinical trials of drug candidates and regulatory approval towards commercialization. Specifically, in order to launch potential first-to-market biosimilar drugs with leading market share, we will continue to strengthen our competitive edge on biosimilar drug development to enhance commercialization visibility. In the next three years, we expect that 3 of our product candidates (BA5101, BA9101 and BA1104) will have the potential to be launched in the China market and 3 of our product candidates (Boyuno®, BA6101 and BA1102) will have the potential to be launched in the overseas market.

We will also implement our first-to-market clinical development strategy, especially for our innovative antibody drug candidates focusing on oncology with unmet medical needs, to accelerate the clinical trial and regulatory approval.

To strengthen our innovative antibody drug pipeline and accelerate clinical development, with our excellent drug development skills, we seek to maintain a risk-balanced portfolio with a strategic combination of mature targets and new targets, aiming to become first-in-class drugs.

Enrich our innovative antibody and ADC portfolio to maximize our long-term commercial potential

Leveraging on our strong R&D capability and proprietary technology platforms, we plan to continue to develop innovative antibody and ADC drug candidates with strategically selected targets and huge market potential. For example, we will continue to optimize our proprietary technology platforms in supporting the development of our innovative drug pipeline and advance clinical studies for new programs. We will also selectively pursue strategic collaborations with respect to product license-in to enrich our portfolio and support our long-term sustainable growth. In particular, we will prioritize license-in of products and product candidates focusing on oncology, with innovative targets or targets developed through advanced technology platforms so as to enrich our portfolio and strengthen R&D competitiveness. We plan to enhance our R&D resources by hiring talent with extensive international drug discovery and development experience, and also by improving our R&D facilities and infrastructure.

Continue to optimize production capacity, enhance manufacturing processes, and reduce the unit production cost

Our existing production capacity is sufficient to meet the short- to medium-term commercialization needs of our products. Going forward, we will expand production facilities in an orderly manner based on the clinical development progress of our innovative drug candidates, enhancing capacity utilization and the efficiency of existing fixed assets, and reducing excessive investment in fixed assets.

We will seek to develop and optimize in-house process technologies, strengthen the digitalization of production, upgrade our production facilities, enhance production knowhow, as well as introduce a new technology platform, with a view to maintaining high-cost efficiency and production quality. We also plan to expand our in-house manufacturing and quality control team by attracting and retaining experienced talents who have in-depth know how. On this basis, we will target to achieve and overcome industry challenges on, among others, the construction of high expression stable cell line and the optimization of protein purification process. In the process of production optimization, we will explore high-quality domestic substitution of materials, in order to increase the proportion of localization. Through these measures, we will continuously reduce unit production costs and enhance the profitability of each product.

Explore collaboration with reputable partners from China and overseas to expand market presence

Our integrated biopharmaceutical platform is built upon our in-house capabilities throughout the entire biologics value chain which enables us to expand our market presence. We will maximize the value of our platform by exploring collaboration with reputable partners from China and overseas in a number of ways. For example, we plan to selectively enter into strategic cooperation, including license-out or co-development with partners, so as to facilitate the clinical development and commercialization of our early-stage drug candidates. We may cooperate with business partners, including promoters and distributors, to broaden our geographical coverage hence commercializing our late stage drug candidates including BA1102, BA6101 and BA5101. We may also explore co-development opportunities with leading global pharmaceutical companies and academic institutions to enhance our technology platforms. We will selectively collaborate with strategic partners with the aim to commercialize our drug candidates outside of China hence maximizing their market potential.

Continue to improve earnings and profitability

We will continue to expand our future earnings and profitability. With the approval of more new products, our revenue will increase more significantly. The growth of product revenue scale can reduce the proportion of total production costs on one hand, and reduce the proportion of sales expenses by forming a product portfolio on the other hand, which will increase the profit margin of the operating business as a whole. In addition, we will optimize the personnel structure, promote more efficient operation and management of the Company, and reduce the proportion of management expenses without affecting the Company's output. In terms of R&D project expenditure, we will strictly control the input-output efficiency, optimize project proposals, select more cost-effective service partners in both upstream and downstream supply chains, and reduce unnecessary waste and expenditure, with the goal of improving the return on investment as a result.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group's dedicated commercialization team made use of proactive marketing strategies and efficient executive and sales capabilities, through which the Group continued to establish its foothold in the domestic market thereby laying a solid foundation for the subsequent transformation of the Company. With the commercialization of three products, the Group witnessed a significant increase in revenue during the Reporting Period.

For the year ended 31 December 2024, the Group's revenue amounted to approximately RMB726.3 million, as compared to RMB618.1 million for the year ended 31 December 2023, representing an increase of approximately RMB108.2 million, or 17.5%. The increase was mainly attributable to the growth of sales of Boyounuo® (BA1101) and Boyoubei® (BA6101) in China, and the growth of licensing revenue.

Cost of Sales

Cost of sales of the Group primarily represents materials and consumables, labour costs associated with production, utilities and maintenance fee as well as depreciation and amortisation expenses of production equipment, facilities and intangible assets.

Our cost of sales decreased from RMB209.2 million for the year ended 31 December 2023 to approximately RMB183.7 million for the year ended 31 December 2024, which accounted for approximately 25.3% of our total revenue for the same year (2023: 33.9%). The decrease in cost of sales margin was mainly due to the increase of production volume in the twelve months ended 31 December 2024 and the upgrades in the Group's product manufacturing processes resulting in a lower unit manufacturing cost in 2024.

Gross Profit

For the year ended 31 December 2024, the Group recorded a gross profit of approximately RMB542.6 million, representing an increase of approximately RMB133.7 million, or 32.7%, as compared with that for the year ended 31 December 2023.

Other Income and Gains

Other income and gains consist of government grants, bank interest income and others. Government grants mainly represent subsidies received from local government authorities to support the Group's R&D activities and operation.

During the Reporting Period, the Group recognised other income and gains of approximately RMB45.1 million (2023: RMB27.7 million).

	2024	2023
	RMB'000	*RMB'000*
Government grants	**43,420**	25,768
Bank interest income	**405**	1,159
Others	**1,263**	727
Total other income and gains	**45,088**	27,654

Administrative Expenses

Our administrative expenses decreased from RMB51.7 million for the year ended 31 December 2023 to RMB46.5 million for the year ended 31 December 2024. Such decrease was primarily because of the decrease in professional consulting fees and the enhancement of scientific and efficient management measures during the Reporting Period.

Selling and Distribution Expenses

For the year ended 31 December 2024, the Group's selling and distribution expenses amounted to RMB285.8 million, as compared to RMB256.5 million for the year ended 31 December 2023, representing an increase of RMB29.3 million, or 11.4%. The increase in selling expenses during the year ended 31 December 2024 was in line with the revenue growth during the same period.

Research and Development Expenses

The following table sets forth a breakdown of the Group's R&D expenses for the years indicated:

	2024	2023
	RMB'000	*RMB'000*
R&D service fees	**36,949**	96,675
Raw materials and consumables expenses	**31,334**	33,388
Staff costs and share-based payments	**54,485**	67,867
Depreciation and amortisation expenses	**15,483**	17,776
Others	**11,023**	14,976
	149,274	230,682

For the year ended 31 December 2024, the Group's recognised R&D expenses were approximately RMB149.3 million, representing a decrease of approximately RMB81.4 million, as compared to the year ended 31 December 2023. The decreased R&D expenses was mainly due to the increase in R&D investment capitalised into deferred development costs as multiple key R&D projects of the Group had progressed to phase 3 clinical trial.

Finance Costs

For the year ended 31 December 2024, the Group's finance costs amounted to RMB32.7 million, as compared to RMB14.1 million for the year ended 31 December 2023, representing an increase of approximately RMB18.6 million, or 131.9%. The increase was mainly due to interest expenses incurred on the loan facility with China Jingu International Trust Co., Ltd and the finance lease agreement with Industrial Bank Financial Leasing Co., Ltd. for the year ended 31 December 2024.

Income Tax Expense

For the year ended 31 December 2024, the Group recorded income tax expense of nil.

Profit/Loss for the Year

As a result of the above, our profit for the year amounted to RMB73.2 million for the year ended 31 December 2024, as compared to the loss of RMB119.4 million for the year ended 31 December 2023.

Liquidity, Financial and Capital Resources

The Group's primary sources of liquidity consist of cash and cash equivalents, which the Group has historically generated through the sales of products and the proceeds from the listing. The Company expects that the Group's cash needs in the near future will primarily relate to progressing the development of its drug candidates towards receiving regulatory approval and commencing commercialization, as well as expanding its drug candidate portfolio. In 2024, we actively explored financing channel and managed to maintain our cash position for the Group's sustainable development.

As of 31 December 2024, we had cash and cash equivalents of RMB198.9 million, representing a decrease of 1.49% compared to RMB201.9 million as at 31 December 2023. As at 31 December 2024, the Group had net current assets of approximately RMB307.6 million, as compared to approximately RMB59.7 million as at 31 December 2023. The current ratio of the Group increased to approximately 1.47 as at 31 December 2024 from approximately 1.09 as at 31 December 2023.

As at 31 December 2024, the Group had an aggregate interest-bearing bank and other borrowings of approximately RMB678.9 million, representing an increase of RMB282.7 million, as compared to approximately RMB396.2 million as at 31 December 2023. The balances of the bank loans to the Group as at 31 December 2023 and 2024 were mainly due to a RMB250.0 million loan facility granted to the Group in 2021 (the "**Loan**"), which shall be used to settle the Group's shareholder loans in relation to the installation of machinery and equipment for new production lines of the Group. The Loan is due in 2026 and bears a floating interest rate to be updated per annum (being the latest five-year loan prime rate plus 5 basis points). In 2024, the Group had entered into a loan facility of RMB300.0 million with China Jingu International Trust Co., Ltd., to facilitate the swift development and marketing of various products and to accelerate the Company's commercial success.

Amongst the loans and borrowings, approximately RMB254.0 million are repayable within one year, and approximately RMB424.9 million are repayable after one year. As at 31 December 2024, the Group's borrowings were primarily denominated in RMB, and the cash and cash equivalents were primarily denominated in RMB and U.S. dollars.

Gearing Ratio

As at 31 December 2024, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to 41.3% from 30.0% as at 31 December 2023. The increase was primarily due to an increase in the Group's bank and other borrowings during the Reporting Period.

Capital Commitments

The Group has leased certain offices, equipment and buildings under operating lease arrangements ranging from one to five years in duration. The Group had capital commitments for the acquisition of property, plant and equipment with amounts of RMB217.3 million as of 31 December 2024 (2023: RMB225.0 million). They are primarily related to expenditures expected to be incurred for the purchase of machinery and renovation of our existing laboratories and buildings.

Capital Expenditure

The Group's capital expenditure during the Reporting Period represented purchases of property, plant and equipment to enhance its R&D capabilities and expand its business operation. For the year ended 31 December 2024, the Group's additions to property, plant and equipment were RMB45.8 million (2023: RMB104.3 million).

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2024.

Charges on Group Assets

As at 31 December 2024, certain of the Group's property, plant and equipment, and right-of-use assets with an aggregate amount of RMB247.6 million were pledged to secure its bank and other borrowings.

Foreign Exchange and Exchange Rate Risk

The Group primarily operates in the PRC and is exposed to foreign currency risk arising from fluctuations in exchange rate between RMB and other currencies in which the Group conducts its business. The Group is subject to foreign currency risk attributable to the bank balances that are denominated in currencies other than RMB. The Group seeks to limit the exposure to foreign currency risk by minimising its net foreign currency position. The Group did not enter into any hedging transactions in respect of foreign currency risk as at 31 December 2024. The Directors expect that the fluctuation of the RMB exchange rate will not have a material adverse effect on the operation of the Group.

Share-based Payment

In December 2020, the Board passed a resolution to grant equity interests of the Company to the eligible employees (including Directors) in order to provide incentives and rewards to participants for the business development of the Group. Subsequently, three limited partnerships were established as employee incentive platforms in the PRC.

The Group recognised a share-based payment expense of RMB21.5 million during the Reporting Period (2023: RMB20.6 million).

Hedging Activities

As at 31 December 2024, the Group did not use any financial instruments for hedging purposes and did not enter into any hedging transactions in respect of foreign currency risk or interest rate risk.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group did not hold any significant investment with a value greater than 5% of its total assets as at 31 December 2024. The Group does not have plans for material investments or capital assets.

PLACING OF NEW SHARES

On 7 August 2024, the Company has placed a total of 26,655,600 new shares (representing approximately 4.97% of its total issued shares (as enlarged by the allotment and issue of the placing shares) at the placing price of HK$9.50 per placing share to no less than six placees. For details of the placing, please refer to the Company's announcements dated 31 July 2024 and 7 August 2024.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

After 31 December 2024 and up to the date of this announcement, to the best of the Directors' knowledge, there was no event occurred that had affected the Group significantly.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of the PRC, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing shareholders.

CLOSURE OF REGISTER OF SHAREHOLDERS

The Company's annual general meeting (the "**AGM**") will be held on Thursday, 5 June 2025. For determining the eligibility to attend and vote at the AGM, the register of shareholders of the Company will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. The record date for determining the eligibility to attend and vote at the AGM will be Thursday, 5 June 2025. In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's H Shares share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 30 May 2025.

DIVIDEND

No dividends have been paid or declared by the Company during the year ended 31 December 2024 (2023: Nil).

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance.

As at 31 December 2024 and up to the date of this announcement, the Company had complied with all the applicable code provisions set out in the CG Code in force, except for the following deviation:

Code provision C.2.1 of the CG Code

The roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Under the current organisation structure of the Company, Ms. Jiang Hua is the Chairlady of the Board and the Chief Executive Officer. With extensive experience in the pharmaceutical industry, the Board considers that Ms. Jiang Hua should continue to assume the roles of chairman and chief executive officer during the year ended 31 December 2024 as this arrangement will improve the efficiency of our decision-making and execution process given her knowledge of the Group's affairs. The Company has put in place an appropriate check-and-balance mechanism through the Board and its independent non-executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuer (the "**Model Code**") set out in Appendix C3 to the Listing Rules. Specific enquiry has been made of all the Directors and supervisors of the Company and all the Directors and supervisors of the Company have confirmed that they have complied with the Model Code during the Reporting Period.

The Company has also adopted its own code of conduct regarding employees' securities transactions on terms meeting the required standard as set out in the Model Code. This ensures compliance by relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed in other part of this announcement, there was no purchase, sale and redemption of any listed securities (including treasury shares) of the Company by the Company or any of its subsidiaries during the Reporting Period. As at 31 December 2024, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The audit committee has reviewed together with the Board the accounting principles and policies adopted by the Group, the audited annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2024. The audit committee also approved the annual results and the consolidated financial statements for the year ended 31 December 2024 and submitted them to the Board for approval.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

In accordance with the requirements under the Listing Rules applicable to the Reporting Period, the 2024 annual report containing all the information about the Company set out in this announcement including the financial results for the year ended 31 December 2024 will be posted on the Company's website (www.boan-bio.com) and the website of the Stock Exchange (www.hkexnews.hk) in due course.

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, 27 March 2025

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.