

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

2023
INTERIM REPORT



Boan Biotech
博安生物





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COMPANY OVERVIEW

Established in 2013, Shandong Boan Biotechnology Co., Ltd. (山东博安生物技术股份有限公司) (“Boan Biotech”, the “Company” or “our Company”, together with its subsidiaries, the “Group”) is a fully-integrated biopharmaceutical company developing, manufacturing and commercializing biologics, with a focus on oncology, autoimmune diseases, ophthalmology, and metabolic diseases. Our drug discovery revolve around multiple platforms: Human Antibody Transgenic Mouse and Phage Display Technology Platform, Bispecific T-cell Engager Technology Platform, Antibody-drug Conjugates (“ADC”) Technology Platform and Cell Therapy Platform. Our product portfolio includes two commercialized products and pipeline includes multiple novel biologics as drug candidates protected by international intellectual property rights and a number of biosimilar candidates. We operate across the entire value chain of the industry from 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. In addition to the People’s Republic of China (“PRC” or “China” or “Mainland China”), we are also developing biopharmaceutical products in overseas markets, including the United States (“U.S.”), the European Union (“EU”), Japan and fast-growing emerging markets. With a differentiated portfolio and well-established commercial capabilities, we operate across the industry’s value chain from research and development to manufacturing and commercialization. This has laid a solid foundation for its long-term, high-quality growth.

DIFFERENTIATED PRODUCT PORTFOLIO

As a result of our highly efficient in-house research and development (“R&D”) capabilities, all products within Boan Biotech’s product portfolio are internally developed. Currently, Boan Biotech has built a product portfolio of innovative antibody drug candidates and biosimilar drug candidates with international intellectual property protection, which not only provides a clear path for the Company’s short-term commercialization, but also lays a good foundation for its long-term sustainable development.

To date, Boan Biotech has successfully commercialized two products: The first product Boyounuo® (BA1101), is the third approved biosimilar of bevacizumab indicated for the treatment of a variety of cancers in China. The second product Boyoubei® (BA6101), is the world’s first approved biosimilar drug of denosumab for the treatment of osteoporosis. The Company has 11 additionally drug candidates, several of which are close to commercialization: BA1102 (denosumab injection, Xgeva® biosimilar) in the oncology field has been submitted for marketing application, BA9101 (afibercept intravitreal injection, Eylea® biosimilar) in the ophthalmology field, BA5101 (dulaglutide injection, Trulicity® biosimilar) in the metabolic field and BA1104 (nivolumab injection, Opdivo® biosimilar) are all in phase III clinical trials in China, with development progress at the forefront of the market. In addition, BA6101 and BA1102 are progressing well in its international multi-center phase III clinical trial in Europe, the U.S. and Japan. The Company expects to file biologics license applications (“BLAs”) for multiple drug candidates over the next two years.

In the development of innovative antibodies, Boan Biotech balances corporate values of both “innovation value” and “commercial visibility”. While building a differentiated product portfolio, Boan Biotech also accelerates the R&D process to position itself for first-mover advantages. Boan Biotech has seven innovative antibody drug candidates, including: BA1105, an antibody-dependent cellular cytotoxicity (“ADCC”) enhanced Claudin 18.2 full human monoclonal antibody (entered clinical trial stage); BA1106, the first CD25 innovative antibody that has entered clinical trial stage for the treatment of solid tumors in China; BA1301, an innovative antibody conjugate drug (“ADC”) that has entered clinical trial stage; BA2101, the first long-acting full human monoclonal antibody against interleukin-4 receptor subunit α (“IL-4R α ”) that has entered clinical trial stage in the immunotherapy field in China; BA1202, the first CEA/CD3 bispecific antibody that has entered clinical trial stage for the treatment of solid tumors in China.

COMPANY OVERVIEW

INTEGRATED BIOPHARMACEUTICAL PLATFORM

Through years of accumulated expertise, the Company has established multiple independent innovation technology platforms, namely human antibody transgenic mice and phage display platform, bispecific T-cell engager platform, ADC technology platform and cell therapy platform. It covers an integrated ecosystem from research and development to production and commercial operations, and an international professional team distributed in Yantai, Nanjing, Singapore, and Boston, laying a solid foundation for the efficient advancement of the product pipeline and eventual successful launch. As of 30 June 2023, the Company has 30 granted patents and 45 pending patent applications worldwide.

Through these four proprietary innovation technology platforms, Boan Biotech has established a strong technical advantage: on the one hand, the Company is based on the human antibody transgenic mice BA-huMab[®] and phage display technology platform, improving the research and development efficiency of human monoclonal antibody products. Boan Biotech is also one of the few companies in China with a proprietary transgenic mouse platform. On the other hand, on the basis of monoclonal antibody products, the Company develops bispecific antibodies, ADC drugs, cell therapy products and others within the related field, through the bispecific T-cell Engager technology platform, ADC technology platform and cell therapy platform, forming a differentiated product portfolio.

Boan Biotech has a comprehensive and scalable biopharmaceutical platform, covering antibody discovery, cell line development, upstream and downstream process development, analytical and bio-analytical method development, technology transfer, and pilot and commercial scale production of a fully integrated industry chain. Moreover the Company's powerful Chemistry, Manufacturing and Controls ("CMC") capability ensures high quality and cost efficiency in the entire drug development and commercial production process, and can shorten the time of drug development, paving the way for the first advantage of its products. The Company has large pilot and commercial production site in Yantai, which is equipped with a number of production lines. This site meets various quality standards such as GMP set by the relevant regulatory authorities of China, Europe, and the U.S. and other relevant quality standards.

WELL-ESTABLISHED COMMERCIALIZATION CAPABILITIES

Boan Biotech has established an in-house sales and marketing team with extensive industry experience to develop and execute marketing strategies for products and drugs in development. Relying on the successful launch of its first product Boyounuo[®], Boan Biotech has established a wide commercialization network and mature commercialization capabilities. Until now, its extensive distribution network has covered more than 2,000 hospitals and institutions countrywide. Through the commercialization process of Boyounuo[®] and Boyoubei[®], Boan Biotech has proven the Company's ability to bring the biological drug portfolio to the market through R&D, manufacturing, and commercial operations channels, laying a foundation for subsequent drugs approaching the commercialization stage to achieve rapid launch and volume.

With excellent business development ability, Boan Biotech actively cooperates with high-quality partners. These partnerships aim to create synergies due to diverse resources and maximize the clinical value and market potential of products. For example: Cooperation with OcuMension Therapeutics (Zhejiang) Co., Ltd. (歐康維視(浙江)醫藥有限公司) ("OcuMension Therapeutics") (Stock code: 1477) on product development, promotion, and commercialization of BA9101 in China; granting CP Pharmaceutical Qingdao Co., Ltd. ("CP Qingdao") the exclusive right to commercialize denosumab injection (Boyoubel[®]) in mainland China. Utilizing a diversified commercialization strategy, Boan Biotech is gradually forming a multi-faceted parallel commercialization business model for operations in the domestic market, overseas market, and out-licensed business.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. JIANG Hua (姜華)
(Chief Executive Officer and Chairlady of our Board)
Dr. DOU Changlin (竇昌林)
(President of R&D and Chief Operating Officer)

Non-executive Directors

Mr. LIU Yuanchong (劉元沖)
Ms. LI Li (李莉)
Mr. CHEN Jie (陳杰)

Independent Non-executive Directors

Mr. SHI Luwen (史錄文)
Mr. DAI Jixiong (戴繼雄)
Dr. YU Jialin (余家林)

SUPERVISORS

Ms. ZHANG Xiaomei (張曉玫) (Chairlady)
Ms. NING Xia (寧夏)
Ms. LIU Xiangjie (劉祥杰)

COMPANY SECRETARY

Ms. LAI Siu Kuen (黎少娟) (FCG, HKFCG)

AUTHORISED REPRESENTATIVES

Ms. JIANG Hua (姜華)
Ms. LAI Siu Kuen (黎少娟)

AUDIT COMMITTEE

Mr. DAI Jixiong (戴繼雄) (Chairperson)
Mr. LIU Yuanchong (劉元沖)
Dr. YU Jialin (余家林)

REMUNERATION COMMITTEE

Dr. YU Jialin (余家林) (Chairperson)
Ms. LI Li (李莉)
Mr. DAI Jixiong (戴繼雄)

NOMINATION COMMITTEE

Mr. SHI Luwen (史錄文) (Chairperson)
Ms. LI Li (李莉)
Dr. YU Jialin (余家林)

STRATEGY COMMITTEE

Ms. JIANG Hua (姜華) (Chairlady)
Dr. DOU Changlin (竇昌林)
Mr. SHI Luwen (史錄文)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Ms. JIANG Hua (姜華) (Chairlady)
Dr. DOU Changlin (竇昌林)
Ms. LI Li (李莉)

REGISTERED OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA

No. 39 Keji Avenue
High-Tech Industrial Development Zone
Yantai, Shandong Province
China

HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 39 Keji Avenue
High-Tech Industrial Development Zone
Yantai, Shandong Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
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Hong Kong

H SHARES SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor Hopewell Centre
183 Queen's Road East
Wanchai
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LEGAL ADVISERS

As to Hong Kong laws:

Allen & Overy
9/F, Three Exchange Square
Central
Hong Kong

As to PRC laws:

King & Wood Mallesons
18th Floor, East Tower
World Financial Center
1 Dongsanhuan Zhonglu
Chaoyang District
Beijing 100020
China

CORPORATE INFORMATION

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

STOCK CODE

6955

COMPANY'S WEBSITE

www.boan-bio.com

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited

China Everbright Bank Co., Ltd.

China Merchants Bank Co., Ltd.

Bank of America

Citibank N.A., Singapore Branch

FINANCIAL HIGHLIGHTS

1. REVENUE

For the six months ended 30 June 2023 (the “Period” or “Reporting Period”), the Group’s revenue amounted to approximately RMB261.2 million, as compared to RMB220.7 million for the six months ended 30 June 2022, representing an increase of approximately RMB40.5 million, or 18.4%. The increase was mainly attributable to the sustained growth of sales of Boyounuo® (BA1101) in China.

2. COST OF SALES

Our cost of sales amounted to RMB103.0 million for the six months ended 30 June 2023, which accounted for approximately 39.4% of our total revenue for the same period (for the six months ended 30 June 2022: 33.3%). The increase in cost of sales margin was mainly due to the decrease of production volume in the six months ended 30 June 2023 resulting in higher unit manufacturing cost in 2023.

3. GROSS PROFIT

For the six months ended 30 June 2023, the Group recorded a gross profit of approximately RMB158.2 million, representing a decrease of approximately RMB10.9 million, or 7.4%, as compared with that for the six months ended 30 June 2022.

4. SELLING AND DISTRIBUTION EXPENSES

For the six months ended 30 June 2023, the Group’s selling and distribution expenses amounted to RMB117.1 million, as compared to RMB100.8 million for the six months ended 30 June 2022, representing an increase of RMB16.3 million, or 16.2%. The increase in selling and distribution expenses was in line with the revenue growth during the same period.

5. RESEARCH AND DEVELOPMENT EXPENSES

For the six months ended 30 June 2023, the Group’s recognised research and development (“R&D”) expenses of approximately RMB126.0 million, representing a decrease of approximately RMB43.1 million as compared with that to the six months ended 30 June 2022. The decreased R&D expenses was mainly due to the increase in R&D investment capitalised into deferred development costs as one of the Group’s R&D projects had progressed to phase 3 clinical trial in late 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

Established in 2013, Boan Biotech is a fully-integrated biopharmaceutical company developing, manufacturing, and marketing biologics, with a focus on oncology, autoimmune diseases, ophthalmology, and metabolic diseases. Our drug discovery activities revolve around multiple platforms: Human Antibody Transgenic Mouse and Phage Display Technology Platform, Bispecific T-cell Engager Technology Platform, 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 two commercial products and 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 overseas markets, including the United States (“U.S.”), the European Union (“EU”), Japan and fast-growing emerging markets. With a differentiated portfolio and well-established commercial capabilities, we operate across the industry’s value chain from research and development to manufacturing and commercialization. This has laid a solid foundation for its long-term, high-quality growth.

2023 INTERIM REVIEW

During the Reporting Period and up to the date of this report, we have continued with its long-term high-quality development strategy and has made remarkable achievements in all aspects of pipeline development, sales and marketing, manufacturing and business collaboration.

As of the date of this report, two of our products (Boyounuo[®] and Boyoubei[®]) have been successfully marketed in mainland China. During the Reporting Period, we recorded an increase in revenue of 18.4% to RMB261.2 million as compared to the six months ended 30 June 2022, which demonstrated our capability to bring our biologics portfolio to market. In January 2023, two new indications (epithelial ovarian, fallopian tube or primary peritoneal cancer and cervical cancer) of Boyounuo[®] were successfully included in the updated China’s National Reimbursement Drug List (“NRDL”) and Boyoubei[®] obtained the code of NRDL. In addition, we have granted CP Pharmaceutical Qingdao Co., Ltd. (“CP Qingdao”) the exclusive right to commercialize Boyoubei[®] in mainland China, details of which have been disclosed in the Company’s announcement dated 10 January 2023. We believe the reimbursement arrangement for Boyounuo[®] under the NRDL and the commercialization collaboration for Boyoubei[®] could help these products achieve continuous growth in sales.

MANAGEMENT DISCUSSION AND ANALYSIS

From the beginning of 2023 to the date of this report, two product candidates entered the biologics license application (“BLA”) stage in different market. The BLA of BA1102 was accepted by the Centre for Drug Evaluation (“CDE”) of the National Medical Products Administration in China in March 2023. The BLA of Boyounuo® was accepted by Brazil’s Agência Nacional de Vigilância Sanitária (“ANVISA”). Five product candidates of us have remarkable progress in phase 3 clinical trials. BA9101 completed patient enrollment of its phase 3 clinical trial in China in March 2023. BA5101 completed patient enrollment of its phase 3 clinical trial in China in May 2023. We initiated an international multi-center phase 3 clinical study in Europe, the U.S., and Japan for our Denosumab Injection (BA6101 and BA1102) and the first patient in (“FPI”) was enrolled in May 2023. BA1104 initiated its phase 3 clinical trial in China in August 2023. In addition, we also have multiple impressive progress in innovative product pipeline in China. Four (BA1106, BA2101, BA1301 and BA1202) of them entered into phase 1 clinical trials.

We continued to consolidate our R&D capabilities and industry influence. As of 30 June 2023, our R&D team had 285 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 2023 to the date of this report, we had been granted seven new patents worldwide and we also published two international new research papers.

We have sufficient production capacity to meet the current commercial needs of our products. As of the date of this report, we have commercial production capacity of 8,000L and pilot production capacity of 1,700L. We also have multiple production lines under development: two production lines with 2*500L capacity for pilot production and two production lines with 3*2,000L capacity for commercial production.

On 13 March 2023, we were included both in the list of stocks under Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect. On 19 April 2023, the “B” marker ceased to be affixed to the Company’s Chinese and English stock short name. Being approved to drop the “B” marker from its stock short name indicates that a biotech company listed at The Stock Exchange of Hong Kong Limited (“Stock Exchange”) under Chapter 18A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) has met higher standards for revenue, market cap, etc..

The Company has also won a number of national or municipal honorary awards or accreditation, including the recognition as “National High-tech Enterprise” by Ministry of Science and Technology. In addition, we have been awarded the “2023 Yantai Green Factory” certification.

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

RISK-BALANCED PRODUCT PIPELINE AND ACHIEVEMENTS DURING THE REPORTING PERIOD

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 two commercialized products, seven innovative investigational antibodies, and four biosimilar candidates, as of the date of this report, focuses on popular key therapeutic areas including oncology, metabolism, autoimmunity and ophthalmology, which entail significant unmet market demand and potential in China and international 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 report:

Therapeutic area	Product (reference drug)	Target	Indication	Commercial rights	Clinical trial region	Pre-clinical				BLA approved
						IND	Phase 1	Phase 2	Phase 3	
Oncology	BA1105	Claudin 18.2 (ADCC)	Advanced gastric cancer, metastatic pancreatic cancer, and adenocarcinoma of the esophagogastric junction	Worldwide	China	↑	↑	↑	↑	BLA filed
	BA1301	Claudin 18.2 ADC	Gastric cancer, pancreatic cancer, and esophageal cancer	Worldwide	China	↑	↑	↑	↑	BLA filed
	BA1201	PD-L1/ TGF-β	SCLC, NSCLC, cervical cancer, urothelial carcinoma, and advanced gastrointestinal tumors	Worldwide	China	↑	↑	↑	↑	BLA filed
	BA1202	CEA/CD3	CRC, pancreatic duct adenocarcinoma, etc.	Worldwide	China	↑	↑	↑	↑	BLA filed
	BA1106	CD25	Solid tumor	Worldwide	China	↑	↑	↑	↑	BLA filed
	BA1302	CD228 ADC	CRC, breast cancer, NSCLC, pancreatic cancer, etc.	Worldwide	China	↑	↑	↑	↑	BLA filed
Autoimmunity	BA2101	IL4R	Atopic dermatitis, asthma, sinusitis, pruritus, urticaria, etc.	Worldwide	China	↑	↑	↑	↑	BLA filed
Oncology	Boyounuo® (BA1101, an Avastin® biosimilar)	VEGF	mCRC, advanced metastatic or recurrent NSCLC, recurrent glioblastoma, epithelial ovarian, fallopian tube or primary peritoneal cancer, and cervical cancer	Worldwide	China	↑	↑	↑	↑	BLA approved
	Boluojia® (BA1102, Xgeva® biosimilar)	RANKL	Bone metastases from solid tumors, and GCTB	Worldwide	Brazil	↑	↑	↑	↑	BLA approved
	BA1104 (Opdivo® biosimilar)	PD-1	Melanoma, NSCLC, malignant pleural mesothelioma, RCC, chL, SCCN, urothelial carcinoma, colorectal cancer, HCC, esophageal cancer, gastric cancer, gastroesophageal junction cancer, and esophageal adenocarcinoma	Worldwide	China	↑	↑	↑	↑	BLA approved
	Boyubei® (BA6101, Prolia® biosimilar)	RANKL	Osteoporosis	Worldwide	China	↑	↑	↑	↑	BLA approved
Metabolism	BA5101 (Trulicity® biosimilar)	GLP-1	Type 2 diabetes	Worldwide	China	↑	↑	↑	↑	BLA approved
Ophthalmology	BA9101 (Eylea® biosimilar)	VEGF	wAMD, RVO, DME, and DR	Worldwide	China	↑	↑	↑	↑	BLA approved

MANAGEMENT DISCUSSION AND ANALYSIS

Commercialized products

Boyounuo® (bevacizumab injection): an anti-VEGF humanized monoclonal antibody injection and a biosimilar to Avastin® independently developed by us; approved for marketing by the National Medical Products Administration of China (“NMPA”) in April 2021.

- In January 2023, 2 new indications of Boyounuo® were successfully included in the updated NRDL. As of the date of this report, Boyounuo® has been included in the updated NRDL for all 5 indications (mCRC, advanced metastatic or recurrent non-small cell lung cancer, recurrent glioblastoma, epithelial ovarian, fallopian tube or primary peritoneal cancer and cervical cancer).
- In April 2023, Brazil’s ANVISA accepted our BLA for Boyounuo®.

Boyoubei® (denosumab injection): a human immunoglobulin G2 monoclonal antibody of the RANK ligand and the first approval biosimilar to Prolia® independently developed by us; approved for marketing by the NMPA for the treatment of postmenopausal women with osteoporosis at high risk for fracture in November 2022.

- In January 2023, Boyoubei® obtained the code of NRDL and the reimbursement could lay the foundation for rapid commercialization of Boyoubei® in the future. In addition, we granted CP Qingdao the exclusive right to commercialize Boyoubei® in mainland China.
- In May 2023, the FPI of an international multi-center phase 3 clinical study in Europe, the U.S., and Japan for our Denosumab Injection (BA6101 and BA1102) was enrolled.

Products to be commercialized in the near future

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

BA1102 is a biosimilar of XGEVA®. Its active ingredient is denosumab, a fully human IgG2 anti-RANKL monoclonal antibody. Denosumab binds to RANKL and it inhibits the activation of OPG/RANKL/RANK signaling pathways, and thus inhibits tumor growth and reduces bone destruction. BA1102 is indicated for the treatment of patients with bone metastases from solid tumors and patients with multiple myeloma, to delay or reduce the risk of skeletal-related events (“SREs”) (e.g. pathologic fractures, spinal cord compression, bone radiotherapy or bone surgery). The drug is also indicated for the treatment of adults and skeletally mature adolescents (defined as having at least one mature long bone and with body weight of 45kg or above) with giant cell tumor of bone (“GCTB”) that is unresectable or where surgical resection is likely to result in severe morbidity.

- In March 2023, the BLA of BA1102 was accepted by CDE in China.
- In May 2023, the FPI of an international multi-center phase 3 clinical study in Europe, the U.S., and Japan for our Denosumab Injection (BA6101 and BA1102) was enrolled.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Aflibercept is a homodimeric fusion protein consisting of portions of human vascular endothelial growth factor receptor (VEGFR) extracellular domains (VEGFR 1 Ig2 and VEGFR 2 Ig3) fused to the Fc portion of human IgG1. Aflibercept acts as a soluble decoy receptor that binds VEGF-A, VEGF-B and PlGF, and thereby can inhibit the binding and activation of VEGF and PlGF, so it can be used as the treatment for pathological neovascular ophthalmopathy of retina and choroid. Eylea® was approved by the United States Food and Drug Administration in 2011 and currently it was approved for the treatment of Neovascular (Wet) Age-Related Macular Degeneration (wAMD), Macular Edema Following Retinal Vein Occlusion (RVO), Diabetic Macular Edema (DME), Diabetic Retinopathy (DR) and Retinopathy of Prematurity (ROP) worldwide. Aflibercept was approved in 2018 in China for the treatment of wAMD and DME.

- In March 2023, BA9101 completed the patient enrollment for its phase 3 clinical trial in China. Pursuant to a collaboration and exclusive promotion agreement entered in October 2020 (the "Agreement"), we jointly developed BA9101 with Ocumension Therapeutics (Stock code: 1477.HK) in the phase 3 clinical trial of BA9101. We have granted Ocumension Therapeutics an exclusive right to promote and commercialize BA9101 in mainland China. We believe that Ocumension Therapeutics, as a well-known ophthalmology company with a professional team, will accelerate the clinical trials and commercialization of BA9101 to meet the urgent clinical needs of Chinese patients and strengthen our position in the field of biological products.

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

Dulaglutide is a long-acting glucagon-like peptide-1 (GLP-1) receptor agonist administered once a week. Compared with other glucose-reducing drugs, Dulaglutide can improve pancreatic islet beta cells function, stably and effectively reduce blood glucose and HbA1c levels. In addition, due to its unique mechanism of action, Dulaglutide can simultaneously improve multiple risk factors for cardiovascular diseases such as weight gain, hyperlipidemia/blood lipids and long-term cardiovascular disease risks, and is not prone to causing lower hypoglycemia rate. It also has a protective effect on the kidney. Moreover, several clinical studies have shown that patients taking Dulaglutide once a week have higher compliance because of the convenience of use. BA5101 is indicated for glycemic control in adults with type 2 diabetes mellitus.

- In May 2023, BA5101 completed patient enrollment of its phase 3 clinical trial in China.

Innovative products entered into clinical trials

BA1105: a recombinant anti-Claudin 18.2 fully human IgG1 monoclonal antibody independently developed by us.

Claudin 18.2 protein is a transmembrane protein involved in the regulation of tight junctions between cells, and can be consistently and stably highly expressed in gastrointestinal tumors. BA1105 is a recombinant anti-Claudin 18.2 fully human IgG1 monoclonal antibody, which enhances tumor-killing efficacy by enhancing ADCC effect. BA1105 introduces amino acid mutations in the Fc region to enhance the ADCC effect.

MANAGEMENT DISCUSSION AND ANALYSIS

BA1201: an anti-PD-L1/TGF- β bispecific antibody fusion protein independently developed by us.

Different from the monoclonal antibodies against a single target, bispecific antibodies can bind to two antigens at the same time and regulate two signal pathways related to the treatment of cancer, which has unique advantages in cancer immunotherapy. BA1201 includes an anti-PD-L1 antibody infused with TGF- β Type II Receptor domain at its C terminal. BA1201 can not only inhibit PD-L1/PD-1 signaling pathway but also inhibit TGF- β /TGF- β RII signaling pathway, which can eliminate immunosuppression and restore the immune system to target tumor cells for killing, making it more potent than anti-PD-L1 monoclonal antibodies.

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, 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 antibody-dependent cellular cytotoxicity (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 as well as 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 Portfolio.

- In February 2023, BA1106 administered for the first patient in a phase 1 clinical trial in China.

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

Recognized as a Class 1 innovative biological product in China, BA2101 is the first long-acting anti-IL-4R α monoclonal antibody that enters the clinical trial stage in the country. It is intended to be used for treating allergic diseases caused by Th2 inflammation, including atopic dermatitis, asthma, chronic rhinosinusitis with nasal polyps, prurigo nodularis, chronic spontaneous urticaria (CSU) and chronic obstructive pulmonary disease (COPD).

The drug can inhibit IL-4 and IL-13 signaling simultaneously, regulate Th2 inflammatory pathway, and reduce eosinophils and circulating IgE levels. It is designed to be administered subcutaneously with an expected dosing interval of 4 weeks.

MANAGEMENT DISCUSSION AND ANALYSIS

IL-4R α is a key target for the treatment of Th2 inflammatory diseases, and the long-acting mechanism of BA2101 makes it easier to provide a long-term and standard treatment for such diseases. Preclinical studies show that BA2101 has a longer half-life and higher drug exposure in cynomolgus monkeys than the marketed product with the same target. BA2101 may be administered once every 4 weeks in humans, while drugs with the same target usually adopt a 2-week dosing interval. BA2101 is more convenient for clinical use, providing important clinical value in the long-term management of Th2 inflammatory diseases.

- In February 2023, BA2101 administered for the first patient in a phase 1 clinical trial in China.

BA1301: an antibody-drug conjugate (“ADC”) candidate that targets Claudin 18.2 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 January 2023, BA1301 received the IND approval in China. It administered for the first patient in a phase 1 clinical trial in China in June.

BA1202: a novel bi-specific antibody (“bispecific antibody”) candidate that targets CEA/CD3 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.

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 a 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 May 2023, BA1202 received the IND approval in China. It administered for the first patient in a phase 1 clinical trial in China in August.

MANAGEMENT DISCUSSION AND ANALYSIS

Core Products

The Group has the following three Core Products (as defined under Chapter 18A of the Listing Rules):

1. Boyoubei® (denosumab injection): Please refer to the information under “Commercialized products” above.
2. BA1102 (denosumab injection): Please refer to the information under “Products to be commercialized in the near future” above. The Company currently plans commercialize this product by the end of 2024.
3. LY-CovMab: a fully human monoclonal antibody manufactured by recombinant technology and used to counteract COVID-19. LY-CovMab is a SARS-CoV-2 neutralizing antibody candidate for treatment of COVID-19. It was in phase 2 clinical trial in China. Given that the therapeutic area of LY-CovMab is infectious disease, the progress of its clinical trials is subject to various factors, such as the infectivity and severity of the virus, the virus variants which are spreading, and the patient enrollment process. The Company will consider its further clinical development depending on the prevalence of the disease.

Warning under Rule 18A.08(3) of the Listing Rules: Save for the Core Product which has been commercialized as disclosed above, there is no assurance that the Core Products will ultimately be successfully developed and marketed by the Company. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company (the “Shares”).

WELL-ESTABLISHED COMMERCIALIZATION CAPABILITY

As of the date of this report, we have successfully commercialized two products (Boyounuo® and Boyoubei®) spanning over multiple therapeutic areas.

During the Reporting Period, we have increased product revenue by 18.4% to RMB261.2 million, compared to RMB220.7 million for the six months ended 30 June 2022, mainly driven by the solid growth of our first marketed product Boyounuo® (bevacizumab injection) coupled with the launch of new product Boyoubei® (denosumab injection).

MANAGEMENT DISCUSSION AND ANALYSIS

Leveraging our well-established and demonstrated commercialization capability backed by marketing strategies implemented by our dedicated sales and marketing team, we believe 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 of 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. As of 30 June 2023, we engaged 39 third party promoters providing us with promotional services. Our collaboration with experienced third-party promoters effectively publicizes and maximize market potential of our products.

We had an extensive distribution network of approximately 200 distributors as of 30 June 2023, penetrating selected regions and reaching more than 1,900 target hospitals and institutions in China.

In January 2023, we have granted CP Qingdao the exclusive right to commercialize Boyoubei® in mainland China. CP Qingdao has been focusing on osteoporosis therapeutic field for many years with multiple products. Their core product in this field has a leading position in the market of mainland China. Boyoubei® may form a competitive product portfolio with their current products in this field to achieve greater synergies. We believe that we can leverage on CP Qingdao's professional marketing and sales team and extensive distribution network in this field to accelerate the commercialization of Boyoubei® to meet the urgent clinical needs of Chinese patients.

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 United States, 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 Platform which we believe provide us with great technological support.

Our high caliber R&D team has outstanding execution capability in drug development with a proven track record. As of 30 June 2023, our R&D team consisted of 285 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 six 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, in order to safeguard our intellectual properties. As of 30 June 2023, we had 30 granted patents and 45 pending patent applications worldwide.

Underpinned by our strong R&D capability, we have published 13 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.

STRONG CHEMISTRY, MANUFACTURING AND CONTROLS (“CMC”) CAPABILITY

We take pride in our strong CMC capability which is the backbone of the high quality and cost efficiency 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.

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 and has passed a number of audits in China and the EU. Our Yantai site, having a total gross floor area of approximately 33,504.1 sq.m., houses a number of production lines with a total capacity of 1,700L for pilot production and 8,000L for commercial production, as well as two formulation filling lines for both pilot and commercial production as of the date of this report. Our production is managed by a strong manufacturing team, which as of 30 June 2023 had a total of 383 employees.

Besides 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 production.

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

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. In April 2023, we have been awarded the “2023 Yantai Green Factory” certification.

MANAGEMENT DISCUSSION AND ANALYSIS

EXTENSIVE COLLABORATION WITH VARIOUS RESOURCEFUL BUSINESS PARTNERS

In January 2023, we have granted CP Qingdao the exclusive right to commercialize Boyoubei® in mainland China. The term of the agreement is five years, upon expiry of which CP Qingdao has the first right to renew the grant of exclusive commercialization rights of this product under the same conditions. CP Qingdao has been focusing on osteoporosis therapeutic field for many years with multiple products. Their core product in this field has a leading position in the market of mainland China. Boyoubei® may form a competitive product portfolio with their current products in this field to achieve greater synergies. We believe that, leveraging CP Qingdao's professional marketing and sales team and extensive distribution network in this field will accelerate the commercialization of Boyoubei® to meet the urgent clinical needs of Chinese patients.

Apart from our success in the commercialization of our launched products, we also pay close attention to identify and maximize early commercialization opportunities of advanced drug candidates. For example, on 28 October 2020 we entered into an agreement with OcuMension, as amended by a supplemental agreement dated 31 May 2021, regarding the product development cooperation and promotion and commercialization of BA9101 in China for a term of 10 years, under which we granted OcuMension certain exclusive rights to promote and commercialize BA9101 in China. In March 2023, BA9101 completed the patient enrollment for its phase 3 clinical trial in China. We believe that our collaboration with OcuMension Therapeutics, as a well-known ophthalmology pharmaceutical company with a professional team, will accelerate the clinical trials and commercialization of BA9101 to meet the urgent clinical needs of Chinese patients and strengthen our position in the field of biological products.

In May 2023, we signed a strategic cooperation agreement with GenScript Biotech Corporation (“GenScript”) in Nanjing, China, reached a cooperation on the development and production of GenCircle™ dsDNA, a novel small circular double-stranded DNA vector without antibiotic resistant marker that is a critical raw material in the field of gene and cell therapy. We will purchase GenCircle™ dsDNA at a scientific research level of GMP from GenScript to further enhance the R&D efficiency of independently developed cell drug preparation platforms “STEALTH CAR-T™” and “ReceptorTAC™”, and accelerate the development process of non-viral vector cell therapy products, thus setting out for the field of cell therapy from a high starting point.

POST REPORTING PERIOD OUTLOOK

On 30 December 2022, we were listed on the Main Board of the Stock Exchange (the “Listing”). As our first year in the capital market, we anticipate that 2023 will be a harvest year with revenue growth of commercialized products and a transformative year to speed up our pipeline progress in innovative antibodies. Our vision is to become a leading biopharmaceutical company. We plan to expand our overseas footprint leveraging our strengths and the leading position we are thriving to maintain in China. In order to achieve our vision and goals, we plan to pursue the following strategies.

MANAGEMENT DISCUSSION AND ANALYSIS

Further strengthen our marketing capability and accelerate the commercialization of our drug candidates leveraging our experience in commercializing Boyounuo®

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® 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 of 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 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 will 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 clinical development of our pipeline products 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 4 of our product candidates (BA1102, BA5101, BA9101 and BA1104) have the potential to be launched in China market and 3 of our product candidates (Boyounuo®, BA6101 and BA1102) have the potential to be launched in 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Leveraging our strong R&D capability and proprietary technology platforms, we plan to continue to develop innovative antibody drug candidates with strategically selected antibody targets and huge market potential. For example, we will continue to optimize our proprietary technology platforms to support the development of our innovative antibody 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 developed through advanced technology platforms 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 by improving our R&D facilities and infrastructure.

Continue to expand in-house manufacturing capability

To support the growing sales of Boyounuo® and anticipated upcoming product launches, we plan to increase our investment in manufacturing equipment to expand manufacturing capacity, including two production lines each with three 2,000L single-use bioreactors for commercial production, to fulfill the anticipated large demand for commercialized products. We will seek to develop and optimize in-house process technologies, upgrade our production facilities, enhance production know-how, as well as introduce a new technology platform, with a view to retaining high-cost efficiency and production quality. We also plan to expand our in-house manufacturing and quality control team by attracting and retaining experienced talent with in-depth know-how. We will continue to improve our production processes and optimize our production technology to reduce production costs.

Explore collaboration with reputable international partners to expand overseas presence

Our integrated biopharmaceutical platform built upon in-house capabilities throughout the entire biologics value chain enables us to expand our overseas presence. We will maximize the value of our platform by exploring collaboration with reputable international partners in a number of ways. For example, we plan to selectively enter into strategic cooperation including license-out or co-development with international partners to facilitate the clinical development and commercialization of our drug candidates overseas, broadening our geographic coverage. For example, we may cooperate with business partners including promoters and distributors to commercialize BA1102, BA6101 and BA5101. We may explore co-development opportunities with leading global pharmaceutical companies and academic institutions to enhance our technology platforms. To commercialize our drug candidates outside of China to maximize their market potential, we will selectively collaborate with strategic partners. Finally, we plan to enter into license-in collaboration with selected international partners, including products at pre-clinical and clinical development stages, and products that have completed clinical trials, where we can leverage our regulatory affairs and commercialization capability to commercialize the in-licensed products and diversify our future revenue stream. We will select international partners which conduct R&D in the same indication areas with ours or have products or product candidates complementary to our product candidates, especially having late-stage clinical product candidates in oncology, diabetes, and orthopedics, with certain validation of clinical results.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2023, the Group's revenue amounted to approximately RMB261.2 million, as compared to RMB220.7 million for the six months ended 30 June 2022, representing an increase of approximately RMB40.5 million, or 18.4%. The increase was mainly attributable to the sustained growth of sales of Boyounuo® (BA1101) in China.

Cost of Sales

Our cost of sales amounted to RMB103.0 million for the six months ended 30 June 2023, which accounted for approximately 39.4% of our total revenue for the same period (for the six months ended 30 June 2022: 33.3%). The increase in cost of sales margin was mainly due to the decrease of production volume in the six months ended 30 June 2023 resulting in a higher unit manufacturing cost in 2023.

Gross Profit

For the six months ended 30 June 2023, the Group recorded a gross profit of approximately RMB158.2 million, representing an increase of approximately RMB10.9 million, or 7.4%, as compared with that for the six months ended 30 June 2022.

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 research and development activities and operation. For the six months ended 30 June 2023, the Group's other income and gains decreased to RMB1.7 million, as compared to RMB13.5 million for the six months ended 30 June 2022, representing a decrease of approximately RMB11.8 million, or 87.4%. The decrease was mainly attributable to a decrease in government grants recognised during the Period.

Administrative Expenses

Our administrative expenses decreased significantly from RMB37.6 million for the six months ended 30 June 2022 to RMB26.6 million for the six months ended 30 June 2023, primarily because the Company incurred professional and other expenses in preparation for its Listing during the six months ended 30 June 2022 while there was no Listing expense incurred in the corresponding period in 2023.

Selling and Distribution Expenses

For the six months ended 30 June 2023, the Group's selling and distribution expenses amounted to RMB117.1 million, as compared to RMB100.8 million for the six months ended 30 June 2022, representing an increase of RMB16.3 million, or 16.2%. The increase in selling and distribution expenses was in line with the revenue growth during the same period.

Research and Development Expenses

For the six months ended 30 June 2023, the Group's recognised R&D expenses of approximately RMB126.0 million, representing a decrease of approximately RMB43.1 million as compared with that to the six months ended 30 June 2022. The decreased R&D expenses was mainly due to the increase in R&D investment capitalised into deferred development costs as one of the Group's R&D projects had progressed to phase 3 clinical trial in late 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

For the six months ended 30 June 2023, the Group's finance costs amounted to RMB6.3 million, as compared to RMB6.6 million for the six months ended 30 June 2022.

Income Tax Expense

For the six months ended 30 June 2023, the Group recorded income tax expense of RMB0.2 million for the deferred tax liabilities arising from lease contracts.

Loss for the Period

As a result of the above, our loss for the Period amounted to RMB119.5 million for the six months ended 30 June 2023, as compared to RMB153.3 million for the six months ended 30 June 2022.

Liquidity, Financial and Capital Resources

The Group's primary sources of liquidity consist of cash and cash equivalents, which the Group have 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 2023, we actively explored financing channels and managed to maintain our cash position at a stable level for the Group's sustainable development.

As at 30 June 2023, we had cash and cash equivalents of RMB250.0 million, representing an increase of RMB16.5 million, or 7.1%, compared to RMB233.5 million as at 31 December 2022. As at 30 June 2023, the Group had net current assets of approximately RMB140.1 million, as compared to approximately RMB375.0 million as at 31 December 2022, representing a decrease of RMB234.9 million, or 62.6%. The current ratio of the Group decreased to approximately 1.27 as at 30 June 2023 from approximately 1.80 as at 31 December 2022. The decrease in net current assets was mainly attributable to decreased pledged deposits under the Group's current assets, higher trade and notes payables, other payables and accruals, as well as increased short-term bank loans under the Group's current liabilities.

As at 30 June 2023, the Group had an aggregate interest-bearing loans and borrowings of approximately RMB286.4 million, as compared to approximately RMB293.3 million as at 31 December 2022. The balances of the bank loans to the Group as at 30 June 2023 and 31 December 2022 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 purchase and installation of machinery and equipment for its new production lines. The Loan is due in 2026 and bears a floating interest rate updated per annum which is the latest five-year loan prime rate plus 5 basis points. The other portion of the Group's current interest-bearing bank loans as at 30 June 2023 was attributable to the discounted notes receivable of RMB31.3 million because the Group discounted certain notes receivable to the bank prior to the notes' maturity date with effective interest rates within a range between 1.62% to 2.02% to fund its daily operations.

Amongst the loans and borrowings, approximately RMB101.4 million are repayable within one year, and approximately RMB185.0 million are repayable after one year. As at 30 June 2023, the Group's borrowings were primarily denominated in RMB, and the cash and cash equivalents were primarily denominated in RMB and U.S. dollars.

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2023.

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 30 June 2023. The directors of the Company (the “Directors”) expect that the fluctuation of the RMB exchange rate will not have a material adverse effect on the operation of the Group.

Charges on Group Assets

As at 30 June 2023, certain of the Group’s property, plant and equipment and right-of-use assets with an aggregate amount of RMB179.6 million were pledged to secure its bank loans.

Hedging Activities

As at 30 June 2023, 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.

Gearing Ratio

As at 30 June 2023, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to 21.9% from 20.7% as at 31 December 2022. The increase was primarily due to a decrease in the Group’s reserves during the Period.

Capital Commitments

The Group has leased certain offices, equipment and buildings under operating lease arrangements with a term ranging from one to five years. At the end of the Period, the Group had capital commitments for the acquisition of property, plant and equipment with amounts of RMB212.2 million (31 December 2022: RMB236.4 million). They primarily relate to expenditures expected to be incurred for the purchase of machinery and renovation of our existing laboratories and buildings.

Employees and Remuneration Policy

As at 30 June 2023, the Group employed a total of 745 employees, as compared to a total of 631 employees as at 30 June 2022. For the six months ended 30 June 2023, the staff costs, (including Directors’ emoluments but excluding any contributions to pension scheme), were approximately RMB85.1 million as compared to RMB68.4 million for the six months ended 30 June 2022. The objective of the Group’s remuneration policy is to motivate and retain talented employees to achieve the Group’s long term corporate goals and objectives. The Group’s employee remuneration policy is determined by taking into account factors such as remuneration in respect of the overall remuneration standard in the industry and employee’s performance. The management reviews the Group’s employee remuneration policy and arrangements on a regular basis. Moreover, the social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 2023. The Group does not have plans for material investments or capital assets.

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2023, the Group did not have any material acquisitions or disposals of subsidiaries, associates or joint ventures.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 17 February 2023, the State Council of the PRC and China Securities Regulatory Commission issued the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (《國務院關於廢止部分行政法規和文件的決定》) and the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》), respectively, which took effect from 31 March 2023. On the same date as the above-mentioned new regulations take effect, the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) and the Mandatory Provisions for Companies Listing Overseas (《到境外上市公司章程必備條款》) will be repealed.

On the Company's annual general meeting held on 29 May 2023, the shareholders of the Company approved certain amendments to its articles of association (the "Articles of Association") in light of the above-mentioned new regulations (the "Amendments"). Details of such Amendments are set out in the circular of the Company dated 26 April 2023. The Amendments to Articles 2, 18 and 19 of the Articles of Association took effect immediately upon the aforesaid shareholders' approval and the remaining Amendments to the remaining articles took effect on 1 August 2023.

After 30 June 2023 and up to the date of this report, save as disclosed above, there was no event occurred that has significantly affected the Group.

PRE-EMPTIVE RIGHTS

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

OTHER INFORMATION

INTERIM DIVIDEND

No interim dividend was declared by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company completed the global offering of its H Shares on 30 December 2022 (the “Global Offering”). The net proceeds from the Global Offering amounted to approximately RMB152.8 million after deducting Listing expenses paid or payable. The Company intends to use the net proceeds from the Global Offering according to the purposes and proportions disclosed in the prospectus of the Company dated 19 December 2022 and there are no material change or delay in the use of proceeds. As at 30 June 2023, the usage of the proceeds from the Global Offering was as follows:

Intended use of proceeds	Approximate allocation of net proceeds as previously disclosed (HKD million)	Approximate amount of net proceeds unutilized as at 31 December 2022 (HKD million)	Approximate amount of net proceeds utilized during the Reporting Period (HKD million)	Approximate amount of net proceeds unutilized as at 30 June 2023 (HKD million)	Expected timeline for utilization of unutilized net proceeds
Research and development of the Group's Core Products	91.0	91.0	79.5	11.5	By 31 December 2024
Research and development of other products in the Group's pipeline	48.0	48.0	28.3	19.7	By 31 December 2024
Commercialization purposes	9.3	9.3	9.3	0	N/A
Working capital and other general corporate purposes	4.5	4.5	4.5	0	N/A
Total	152.8	152.8	121.6	31.2	

The balance of the proceeds is deposited with licensed banks in accounts held by the Group.

Save as disclosed above, the Company has not conducted any equity fund-raising activities during the Reporting Period.

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 14 to the Listing Rules as its own code of corporate governance.

OTHER INFORMATION

During the six months ended 30 June 2023, the Company has complied with all the applicable code provisions set out in Part 2 of the CG Code, 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 performed by different individuals.

Under the current organisation structure of the Company, Ms. Jiang Hua is the chairlady and chief executive officer of the Group. With extensive experience in the pharmaceutical industry, the Board considers that Ms. Jiang Hua should continue to assume the responsibilities of chief executive officer 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") of Appendix 10 to the Listing Rules. Specific enquiry has been made of all the Directors and supervisors of the Company (the "Supervisors") and the Directors and Supervisors have confirmed that they have complied with the Model Code for the six months ended 30 June 2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale and redemption of any listed securities of the Company by the Company or any of its subsidiaries for the six months ended 30 June 2023.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed together with the management the accounting principles and policies adopted by the Group, the unaudited interim condensed consolidated financial statements and interim results announcement of the Group for the six months ended 30 June 2023 and recommended its adoption by the Board.

In addition, the independent auditor of the Company, Ernst & Young, has reviewed the unaudited interim results for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS AND SUPERVISORS

Save as disclosed in this report, there was no change to any of the information required to be disclosed in relation to any Director and Supervisors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

OTHER INFORMATION

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2023, the interests or short positions of the Directors, Supervisors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

Name	Nature of Interest	Class of Shares	Number of Shares	Approximate percentage holding in the total issued share capital
JIANG Hua	Interest in a controlled corporation ^{1, 2, 3}	H Shares	9,000,000 (L)	1.77%
DOU Changlin	Interest in a controlled corporation ^{1, 2, 3}	H Shares	6,800,000 (L)	1.34%
LIU Yuanchong	Interest in a controlled corporation ^{1, 2, 3}	H Shares	4,000,000 (L)	0.79%
LI Li	Interest in a controlled corporation ^{1, 2, 3}	H Shares	47,638,668 (L)	9.35%
LI Youxin	Interest in a controlled corporation ^{1, 2, 3, 4}	H Shares	1,500,000 (L)	0.29%

Remark: The letter "L" denotes long position in such securities and "S" denotes short position in such securities.

Notes:

- Yantai Bolian Investment Center Limited Partnership (煙台博聯投資中心(有限合伙)) ("Yantai Bolian") held 21,415,548 Shares. Ms. LI is the general partner of Yantai Bolian and is therefore deemed to be interested in the Shares held by Yantai Bolian. Pursuant to the partnership agreement among its partners, Yantai Bolian held 4,720,000 and 6,800,000 Shares on behalf of Ms. JIANG, Dr. DOU and Dr. LI, respectively, who are deemed to be interested to these respective Shares held by Yantai Bolian.
- Yantai Bofa Investment Center Limited Partnership (煙台博發投資中心(有限合伙)) ("Yantai Bofa") held 11,268,488 Shares. Ms. LI is the general partner of Yantai Bofa and is therefore deemed to be interested in the Shares held by Yantai Bofa. Pursuant to the partnership agreement among its partners, Yantai Bofa held 1,800,000 and 1,000,000 Shares on behalf of Ms. JIANG and Mr. LIU, respectively, who are deemed to be interested to these respective Shares held by Yantai Bofa.
- Yantai Bosheng Investment Center Limited Partnership (煙台博晟投資中心(有限合伙)) ("Yantai Bosheng") holds 14,954,632 Shares. Ms. LI is the general partner of Yantai Bosheng and is therefore deemed to be interested in the Shares held by Yantai Bosheng. Pursuant to the partnership agreement among its partners, Yantai Bosheng held 2,480,000 and 3,000,000 Shares on behalf of Ms. JIANG and Mr. LIU, respectively, who are deemed to be interested to these respective Shares held by Yantai Bosheng.
- Dr. LI Youxin passed away on 12 February 2023.

Save as disclosed above, as at 30 June 2023, none of our Directors, Supervisors and chief executive of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2023, to the best of the Directors' knowledge, the following persons (other than the Directors, Supervisors and chief executives of the Company) had or deemed or taken to have an interests and/or short position in the Shares or the underlying Shares which fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO:

Name of Shareholder	Nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital
Shandong Luye	Beneficial owner ¹	H Shares	360,596,456 (L)	70.81%
Yantai Luye Pharmaceutical Holdings Co., Ltd. (煙台綠葉醫藥 控股(集團)有限公司) ("Yantai Luye")	Interest in a controlled corporation ¹	H Shares	360,596,456 (L)	70.81%
Luye Pharma Hong Kong Limited ("Luye HK")	Interest in a controlled corporation ¹	H Shares	360,596,456 (L)	70.81%
AsiaPharm Investments Ltd. ("AsiaPharm")	Interest in a controlled corporation ¹	H Shares	360,596,456 (L)	70.81%
Luye Pharma	Interest in a controlled corporation ¹	H Shares	360,596,456 (L)	70.81%
LuYe Pharmaceutical Investment Co., Ltd. ("LuYe Investment")	Interest in a controlled corporation ²	H Shares	360,596,456 (L)	70.81%
LuYe Pharmaceutical International Co., Ltd. ("LuYe International")	Interest in a controlled corporation ²	H Shares	360,596,456 (L)	70.81%
Luye Pharma Holdings Limited ("Luye Holdings")	Interest in a controlled corporation ²	H Shares	360,596,456 (L)	70.81%
Luye Life Sciences Group Ltd. ("Luye Life Sciences")	Interest in a controlled corporation ²	H Shares	360,596,456 (L)	70.81%
Nelumbo Investments Limited ("Nelumbo")	Interest in a controlled corporation ²	H Shares	360,596,456 (L)	70.81%
Ginkgo (PTC) Limited ("Ginkgo")	Trustee ²	H Shares	360,596,456 (L)	70.81%
Shorea LBG ("Shorea")	Interest in a controlled corporation ²	H Shares	360,596,456 (L)	70.81%
Mr. LIU Dian Bo	Founder of a discretionary trust ²	H Shares	360,596,456 (L)	70.81%

Remark: The letter "L" denotes long position in such securities and "S" denotes short position in such securities.

OTHER INFORMATION

Notes:

1. Shandong Luye is wholly owned by Yantai Luye, which in turn is wholly owned by Luye HK. Luye HK is in turn wholly owned by AsiaPharm and AsiaPharm is wholly owned by Luye Pharma. Accordingly, each of Luye Pharma, AsiaPharm, Luye HK and Yantai Luye is deemed under the SFO to be interested in the Shares held by Shandong Luye.
2. Luye Pharma is beneficially owned as to approximately 35.42% by LuYe Investment. LuYe Investment is indirectly wholly-owned by Luye Life Sciences, through LuYe International and Luye Holdings. Luye Life Sciences is owned as to 70% by Nelumbo. The entire issued share capital of Nelumbo is held by Ginkgo as trustee of the family trust of Mr. LIU. Ginkgo is wholly-owned by Shorea whose sole shareholder is Mr. LIU. Mr. LIU is a director of Luye Pharma. For the avoidance of doubt, LuYe Investment, LuYe International, Luye Holdings, Luye Life Sciences, Nelumbo, Ginkgo, Shorea and Mr. LIU are not substantial shareholders of the Company.

Save as disclosed above, as at 30 June 2023, the Directors have not been aware of any person who had interests or short positions in the Shares or underlying shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept pursuant to Section 336 of the SFO.

INDEPENDENT REVIEW REPORT



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To the board of directors of Shandong Boan Biotechnology Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 48, which comprises the condensed consolidated statement of financial position of Shandong Boan Biotechnology Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

27 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	30 June 2022 (Audited) RMB'000
REVENUE	4	261,232	220,690
Cost of sales		(103,015)	(73,421)
Gross profit		158,217	147,269
Other income and gains		1,680	13,508
Research and development costs		(126,028)	(169,057)
Administrative expenses		(26,552)	(37,563)
Selling and distribution expenses		(117,121)	(100,827)
Other expenses		(3,215)	(3)
Finance costs		(6,255)	(6,622)
LOSS BEFORE TAX	5	(119,274)	(153,295)
Income tax expense	6	(239)	–
LOSS FOR THE PERIOD		(119,513)	(153,295)
Attributable to:			
Owners of the parent		(119,513)	(153,295)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		435	1,077
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		435	1,077
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(119,078)	(152,218)
Attributable to:			
Owners of the parent		(119,078)	(152,218)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted (RMB)		(0.23)	(0.31)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		588,708	572,092
Advance payments for property, plant and equipment and intangible assets		58,798	41,685
Right-of-use assets		16,769	10,602
Intangible assets		810,782	731,505
Total non-current assets		1,475,057	1,355,884
CURRENT ASSETS			
Inventories		160,328	143,634
Trade and notes receivables	9	208,342	212,124
Prepayments, other receivables and other assets		41,286	50,259
Pledged deposits		8,194	207,160
Cash and cash equivalents		249,971	233,498
Total current assets		668,121	846,675
CURRENT LIABILITIES			
Lease liabilities		6,288	8,384
Trade and notes payables	10	170,554	160,203
Other payables and accruals		225,431	204,427
Interest-bearing bank loans		101,358	83,339
Due to related parties	12(c)	24,356	15,318
Total current liabilities		527,987	471,671
NET CURRENT ASSETS		140,134	375,004
TOTAL ASSETS LESS CURRENT LIABILITIES		1,615,191	1,730,888

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT LIABILITIES		
Lease liabilities	8,036	–
Interest-bearing bank loans	185,000	210,000
Other non-current liabilities	112,382	102,511
Deferred tax liabilities	239	–
Total non-current liabilities	305,657	312,511
Net assets	1,309,534	1,418,377
EQUITY		
Equity attributable to owners of the parent		
Share capital	509,278	509,278
Reserves	800,256	909,099
Total equity	1,309,534	1,418,377

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital RMB'000	Share premium* RMB'000	Other reserves* RMB'000	Safety production reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Accumulated losses* RMB'000	Total equity RMB'000
At 1 January 2023 (audited)	509,278	1,329,450	83,909	5,227	1,575	(511,062)	1,418,377
Loss for the period	-	-	-	-	-	(119,513)	(119,513)
Exchange differences on translation of foreign operations	-	-	-	-	435	-	435
Total comprehensive loss for the period	-	-	-	-	435	(119,513)	(119,078)
Appropriation to safety production reserve	-	-	-	4,762	-	(4,762)	-
Safety production reserve used	-	-	-	(558)	-	558	-
Share-based payment arrangements	-	-	10,235	-	-	-	10,235
At 30 June 2023 (unaudited)	509,278	1,329,450	94,144	9,431	2,010	(634,779)	1,309,534

	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Safety production reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	498,583	1,161,888	65,430	2,016	(128)	(176,102)	1,551,687
Loss for the period	-	-	-	-	-	(153,295)	(153,295)
Exchange differences on translation of foreign operations	-	-	-	-	1,077	-	1,077
Total comprehensive loss for the period	-	-	-	-	1,077	(153,295)	(152,218)
Appropriation to safety production reserve	-	-	-	3,003	-	(3,003)	-
Safety production reserve used	-	-	-	(863)	-	863	-
Share-based payment arrangements	-	-	9,081	-	-	-	9,081
At 30 June 2022 (audited)	498,583	1,161,888	74,511	4,156	949	(331,537)	1,408,550

* These reserve accounts comprise the consolidated reserves of RMB800,256,000 in the consolidated statement of financial position as at 30 June 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	30 June 2023 (Unaudited) RMB'000	30 June 2022 (Audited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(119,274)	(153,295)
Adjustments for:			
Finance costs		6,255	6,622
Bank interest income	5	(1,068)	(3,889)
Loss on disposal of items of property, plant and equipment	5	–	3
Depreciation of property, plant and equipment	5	27,738	23,260
Depreciation of right-of-use assets	5	3,053	4,667
Amortisation of intangible assets	5	12,404	8,181
Impairment of trade receivables	5	(26)	26
Share-based payment expense		10,235	9,081
Foreign exchange difference, net		(2,830)	(2,717)
		(63,513)	(108,061)
Increase in inventories		(14,367)	(42,037)
Decrease/(increase) in trade and notes receivables		3,808	(31,789)
Decrease in prepayments, other receivables and other assets		6,859	10,278
(Increase)/decrease in pledged deposits		(1,034)	24,524
Increase/(decrease) in trade and notes payables		10,351	(18,175)
Increase in other payables and accruals		18,601	70,749
Decrease in government grants		–	(1,800)
Increase/(decrease) in amounts due to related parties		9,038	(17,901)
Increase in other non-current liabilities		2,120	–
Cash used in operations		(28,137)	(114,212)
Net cash flows used in operating activities		(28,137)	(114,212)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	30 June 2023 (Unaudited) RMB'000	30 June 2022 (Audited) RMB'000
Net cash flows used in operating activities	(28,137)	(114,212)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(61,574)	(39,116)
Increase in intangible assets	(81,073)	(62,524)
Bank interest received	1,062	4,036
Net cash flows used in investing activities	(141,585)	(97,604)
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	8,231	6,680
Repayment of bank loans	(15,000)	(5,000)
Decrease in pledged deposits	200,000	–
Principal portion of lease payments	(3,857)	(5,583)
Interest paid	(6,467)	(6,622)
Payment for deferred listing expenses	–	(937)
Net cash flows from/(used in) financing activities	182,907	(11,462)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		
	13,185	(223,278)
Cash and cash equivalents at beginning of period	233,498	531,703
Effect of foreign exchange rate changes, net	3,288	3,816
CASH AND CASH EQUIVALENTS AT END OF PERIOD	249,971	312,241
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	258,165	314,429
Less: Pledged deposits for notes payable	(8,194)	(2,188)
Cash and cash equivalents as stated in the interim condensed consolidated statement of financial position and the interim condensed consolidated statement of cash flows	249,971	312,241

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below: (continued)

- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets as at 1 January 2022. The quantitative impact on the financial information is summarised below.

Impact on the interim condensed consolidated statement of financial position:

	Note	Increase/(decrease)		
		As at 30 June 2023 RMB'000	As at 31 December 2022 RMB'000	As at 1 January 2022 RMB'000
Liabilities				
Deferred tax liabilities	(i)	239	–	–
Total non-current liabilities		239	–	–
Total liabilities		239	–	–
Equity				
Net assets		(239)	–	–
Accumulated losses (included in reserves)		239	–	–
Equity attributable to owners of the parent		(239)	–	–
Total equity		(239)	–	–

Note (i): The deferred tax asset and the deferred tax liability arising from lease contracts of the same subsidiary have been offset in the statement of financial position for presentation purposes.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:
(continued)

(c) (continued)

Impact on the interim condensed consolidated statement of profit or loss:

	Increase/(decrease) For the six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Income tax expense	239	–
Loss for the period	239	–
Attributable to:		
Owners of the parent	239	–
Total comprehensive loss for the period	239	–
Attributable to:		
Owners of the parent	239	–

The adoption of amendments to IAS 12 did not have any impact on the basic and diluted earnings per share attributable to ordinary equity holders of the parent, other comprehensive income and the interim condensed consolidated statements of cash flows for the six months ended 30 June 2023 and 2022.

- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3. 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.

4. REVENUE

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
<i>Revenue from contracts with customers</i>	261,232	220,690

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
Type of goods or services		
Sale of products	259,345	220,690
Provision of research and development services	1,887	–
Total revenue from contracts with customers	261,232	220,690
Timing of revenue recognition		
Goods transferred at a point in time	259,345	220,690
Services transferred over time	1,887	–
Total revenue from contracts with customers	261,232	220,690

Geographical market

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

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. LOSS BEFORE TAX

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
Cost of inventories sold	95,920	72,240
Cost of services provided	233	–
Depreciation of property, plant and equipment	27,738	23,260
Depreciation of right-of-use assets	3,053	4,667
Amortisation of intangible assets	12,404	8,181
Research and development costs	126,028	169,057
Lease payments not included in the measurement of lease liabilities	2,703	1,076
Auditor's remuneration	829	–
Listing expenses	–	19,169
Write-down of inventories to net realisable value	6,862	1,181
Impairment of trade receivables	(26)	26
Loss on disposal of items of property, plant and equipment	–	3
Foreign exchange differences, net	3,214	(2,636)
Government grants	(522)	(6,903)
Bank interest income	(1,068)	(3,889)

6. INCOME TAX EXPENSE

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

The major components of income tax expense in the interim condensed consolidated statement of profit or loss are:

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
Deferred tax	239	–
Total tax charge for the period	239	–

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7. DIVIDENDS

No interim dividend was declared by the Company for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 509,278,094 (2022: 498,583,294) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the periods ended 30 June 2023 and 2022.

9. TRADE AND NOTES RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables	159,432	162,623
Notes receivable	48,910	49,527
	208,342	212,150
Impairment	-	(26)
	208,342	212,124

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 RMB621,000 (31 December 2022: RMB661,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2023, notes receivable of RMB48,910,000 (31 December 2022: RMB49,527,000) 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9. TRADE AND NOTES RECEIVABLES (CONTINUED)

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:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 3 months	111,094	161,868
3 to 6 months	5,055	709
6 to 12 months	43,283	-
1 to 2 years	-	20
	159,432	162,597

10. TRADE AND NOTES PAYABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade payables	162,385	153,043
Notes payable	8,169	7,160
	170,554	160,203

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

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 3 months	127,196	108,565
3 to 6 months	16,344	32,827
6 to 12 months	13,441	9,482
1 to 2 years	4,521	1,462
Over 2 years	883	707
	162,385	153,043

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10. TRADE AND NOTES PAYABLES (CONTINUED)

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

The maturity of notes payable is within six months.

At 30 June 2023, notes payable were secured by certain of the deposits amounting to approximately RMB8,194,000 (31 December 2022: RMB7,160,000).

11. COMMITMENTS

At the end of the reporting period, the Group had capital commitments for the acquisition of property, plant and equipment with amounts of RMB212,232,000 (31 December 2022: RMB236,353,000).

12. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

Name	Relationship with the Company
Shandong Luye Pharmaceutical Co., Ltd. ("Shandong Luye")	Shareholder
Mr. Liu Dian Bo	Director of Shandong Luye
Yantai Luye Pharmaceutical Holdings Co., Ltd. ("Yantai Luye")	Shareholder of Shandong Luye
Nanjing Luye Pharmaceutical Co., Ltd. ("Nanjing Luye")	Controlled by Shandong Luye
Yantai Luye Drugs Trading Co., Ltd. ("Luye Trading")	Controlled by Shandong Luye
Shandong International Biotechnology Development Co., Ltd. ("Biotech Park Development")	Controlled by Mr. Liu Dian Bo
Luye Investment Group Co., Ltd. ("LIG")	Controlled by Mr. Liu Dian Bo
GeneLeap Biotech LLC ("GeneLeap Biotech")*	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 Cellzone Medical Diagnostics Center Co., Ltd. ("Yantai Cellzone")	Controlled by Mr. Liu Dian Bo

* During the period ended 30 June 2022, GeneLeap Biotech has ceased to be a related party of the Group. The outstanding balances with the entity are not disclosed as balances with related parties in note (c) below and the periods of the transaction amounts with GeneLeap Biotech disclosed in note (a) only covered the periods when it was a related party.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	Notes	For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
Sales of goods to:			
Luye Trading	(i)	717	99
Lease and property management services from:			
Shandong Luye	(ii)	196	196
Biotech Park Development	(ii)	247	247
Luye Trading	(ii)	23	–
Testing services from:			
Shandong Luye	(ii)	14	39
Research and development services from:			
Yantai Cellzone	(ii)	–	1,164
EHS management services from:			
Shandong Luye	(ii)	374	611
Operation services from:			
Nanjing Luye	(ii)	295	546
Accommodation services from:			
Yunyue Winery	(ii)	23	44
Payments on behalf by:			
Shandong Luye	(iii)	8,020	8,279
Biotech Park Development	(iii)	890	904
GeneLeap Biotech	(iii)	–	111
GeneLeap Biotechnology	(iii)	771	–
Yantai Luye	(iii)	119	52
Repayments to:			
Shandong Luye	(iii)	28	7,770
Biotech Park Development	(iii)	1,490	771
Yantai Luye	(iii)	191	–
Luye Trading	(iii)	804	–
GeneLeap Biotech	(iii)	–	104
GeneLeap Biotechnology	(iii)	615	–

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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transactions with related parties:

As at 30 June 2023, Shandong Luye and Yantai Luye have guaranteed the Group's bank loans amounting to RMB225,266,000 (31 December 2022: Nil).

(c) Outstanding balances with related parties:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables:		
Luye Trading	621	661
Due to related parties:		
Shandong Luye*	20,851	11,507
Biotech Park Development**	451	1,334
Nanjing Luye	1,589	1,122
GeneLeap Biotechnology**	156	–
Yantai Luye**	122	191
Yunyue Winery	23	–
Yantai Cellzone	1,164	1,164
	24,356	15,318
Lease liabilities:		
Shandong Luye	2,460	2,448
Biotech Park Development	1,190	5,196
Nanjing Luye	739	739
GeneLeap Biotechnology	9,935	–
	14,324	8,383

* At 30 June 2023, a balance of RMB1,621,000 was trade in nature (31 December 2022: RMB1,020,000), and a balance of RMB19,230,000 was non-trade in nature (31 December 2022: RMB10,487,000).

** The balances were non-trade in nature.

Except as disclosed above, 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12. RELATED PARTY TRANSACTIONS (CONTINUED)

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Audited) RMB'000
Short-term employee benefits	7,006	6,742
Pension scheme contributions	304	327
Share-based payment expense	7,390	6,729
Total compensation paid to key management personnel	14,700	13,798

13. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and notes payable, financial liabilities included in other payables and accruals, amounts due to related parties and current portion of interest-bearing bank loans and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the financial manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank loans and lease liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk were assessed to be insignificant.

The fair values of the notes receivable classified as debt investments at fair value through other comprehensive income have been calculated by discounting the expected future cash flows, which are the par values of the notes receivable. In addition, the notes receivable will mature within twelve months, and thus, their fair values approximate to their carrying values.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Notes receivable	-	48,910	-	48,910

As at 31 December 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Notes receivable	-	49,527	-	49,527

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (six months ended 30 June 2022: Nil).

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Liabilities for which fair values are disclosed:

As at 30 June 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank loans	-	225,266	-	225,266

As at 31 December 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Interest-bearing bank loans	-	240,319	-	240,319