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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

1. Revenue

For the six months ended 30 June 2024, the Group's revenue amounted to approximately RMB362.9 million, as compared to RMB261.2 million for the six months ended 30 June 2023, representing an increase of approximately RMB101.7 million, or 38.9%. The increase was mainly attributable to the sustained growth of sales of Boyounuo® (BA1101) and Boyoubei® (BA6101) in China.

2. Cost of Sales

Our cost of sales amounted to RMB80.3 million for the six months ended 30 June 2024, which accounted for approximately 22.1% of our total revenue for the same period (for the six months ended 30 June 2023: 39.4%). The decrease in cost of sales margin was mainly due to the increase of production volume in the six months ended 30 June 2024 and the upgrades in the Group's product manufacturing processes resulting in lower unit manufacturing cost in 2024.

3. Gross Profit

For the six months ended 30 June 2024, the Group recorded a gross profit of approximately RMB282.6 million, representing an increase of approximately RMB124.4 million, or 78.6%, as compared with that for the six months ended 30 June 2023.

4. Selling and Distribution Expenses

For the six months ended 30 June 2024, the Group's selling and distribution expenses amounted to RMB134.2 million, as compared to RMB117.1 million for the six months ended 30 June 2023, representing an increase of RMB17.1 million, or 14.6%. 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 2024, the Group's recognised research and development ("**R&D**") expenses of approximately RMB85.8 million, representing a decrease of approximately RMB40.2 million as compared with that to the six months ended 30 June 2023. The decreased R&D expenses was mainly due to the increase in R&D investment capitalised into deferred development costs and more of Group's R&D projects had progressed to phase 3 clinical trial in the second half of 2023.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Shandong Boan Biotechnology Co., Ltd. (the "**Company**" or "**Boan Biotech**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**us**") for the six months ended 30 June 2024 (the "**Period**" or "**Reporting Period**"), together with the comparative figures for the corresponding period of 2023, as follows:

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

	Notes	For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
REVENUE	*4*	**362,942**	261,232
Cost of sales		**(80,314)**	(103,015)
Gross profit		**282,628**	158,217
Other income and gains		**36,140**	1,680
Research and development costs		**(85,798)**	(126,028)
Administrative expenses		**(24,308)**	(26,552)
Selling and distribution expenses		**(134,238)**	(117,121)
Other expenses		**(156)**	(3,215)
Finance costs		**(12,596)**	(6,255)
PROFIT/(LOSS) BEFORE TAX	*5*	**61,672**	(119,274)
Income tax expense	*6*	**–**	(239)
PROFIT/(LOSS) FOR THE PERIOD		**61,672**	(119,513)
Attributable to:			
Owners of the parent		**61,672**	(119,513)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(74)**	435
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		**(74)**	435
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**61,598**	(119,078)
Attributable to:			
Owners of the parent		**61,598**	(119,078)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted *(RMB)*	*8*	**0.12**	(0.23)

UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 30 June 2024 (Unaudited) RMB'000	31 December 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**596,983**	615,417
Advance payments for property, plant and equipment and intangible assets		**52,070**	32,765
Right-of-use assets		**10,861**	11,693
Intangible assets		**1,139,443**	950,504
Total non-current assets		**1,799,357**	1,610,379
CURRENT ASSETS			
Inventories		**177,982**	165,291
Trade and notes receivables	*9*	**346,424**	276,195
Prepayments, other receivables and other assets		**46,315**	57,381
Pledged deposits		**6,180**	12,290
Cash and cash equivalents		**172,124**	201,850
Total current assets		**749,025**	713,007
CURRENT LIABILITIES			
Lease liabilities		**2,448**	3,567
Trade and notes payables	*10*	**237,211**	217,572
Other payables and accruals		**126,189**	239,464
Interest-bearing bank and other borrowings		**177,415**	167,839
Due to related parties	*11(c)*	**12,363**	24,907
Total current liabilities		**555,626**	653,349
NET CURRENT ASSETS		**193,399**	59,658
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,992,756**	1,670,037

	As at	
	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**5,574**	6,175
Interest-bearing bank and other borrowings	**476,810**	228,324
Government grants	**5,527**	3,000
Other non-current liabilities	**113,087**	112,670
Total non-current liabilities	**600,998**	350,169
Net assets	**1,391,758**	1,319,868
EQUITY		
Equity attributable to owners of the parent		
Share capital	**509,278**	509,278
Reserves	**882,480**	810,590
Total equity	**1,391,758**	1,319,868

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 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 2023.

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 2023, except for the adoption of the following revised International Financial Reporting Standards ("**IFRSs**") for the first time for the current period's financial information.

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

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

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

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

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

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the 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	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers	**362,942**	261,232

Disaggregated revenue information for revenue from contracts with customers

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of goods or services		
Sale of products	**332,492**	259,345
Out-licensing agreements	**30,450**	–
Provision of research and development services	**–**	1,887
Total	**362,942**	261,232
Timing of revenue recognition		
Transferred at a point in time	**362,942**	259,345
Transferred over time	**–**	1,887
Total	**362,942**	261,232

Geographical market

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

5. PROFIT/(LOSS) BEFORE TAX

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**78,776**	95,920
Cost of services provided	**–**	233
Depreciation of property, plant and equipment	**18,661**	27,738
Depreciation of right-of-use assets	**875**	3,053
Amortisation of intangible assets	**8,776**	12,404
Research and development costs	**85,798**	126,028
Lease payments not included in the measurement of lease liabilities	**3,163**	2,703
Auditor's remuneration	**802**	829
Write-down of inventories to net realisable value	**1,538**	6,862
Impairment/(reversal of impairment) of trade receivables, net	**123**	(26)
Foreign exchange differences, net	**121**	3,214
Government grants	**(35,783)**	(522)
Bank interest income	**(266)**	(1,068)

6. INCOME TAX

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 for the six months ended 30 June 2024 and 2023:

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Deferred tax	**–**	239
Total tax charge for the period	**–**	239

7. DIVIDENDS

No interim dividend was declared by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 509,278,094 (2023: 509,278,094) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2024 and 2023.

9. TRADE AND NOTES RECEIVABLES

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Trade receivables	**313,547**	213,199
Notes receivable	**33,000**	62,996
Subtotal	**346,547**	276,195
Impairment	**(123)**	–
Net carrying amount	**346,424**	276,195

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

Included in the Group's trade receivables is an amount due from a related party of RMB503,000 (31 December 2023: RMB554,000), which is repayable on credit terms similar to those offered to the major customers of the Group.

As at 30 June 2024, notes receivable of RMB6,087,000 (31 December 2023: RMB62,996,000) whose fair values approximate to their carrying values were classified as financial assets at fair value through other comprehensive income under IFRS 9. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant. The remaining notes receivable of RMB26,913,000 (31 December 2023: Nil) were measured at amortised cost.

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

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Within 3 months	**206,606**	206,276
3 to 6 months	**2,630**	5,730
6 to 12 months	**104,104**	1,193
1 to 2 years	**84**	–
Total	**313,424**	213,199

10. TRADE AND NOTES PAYABLES

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Trade payables	**192,432**	185,691
Notes payable	**44,779**	31,881
Total	**237,211**	217,572

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

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Within 3 months	**96,894**	120,678
3 to 6 months	**28,761**	30,234
6 to 12 months	**51,891**	27,828
1 to 2 years	**13,613**	4,999
Over 2 years	**1,273**	1,952
Total	**192,432**	185,691

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 2024, notes payable were secured by certain of the deposits amounting to approximately RMB6,180,000 (31 December 2023: RMB12,290,000).

11. RELATED PARTY TRANSACTIONS

The Group's principal related parties are as follows:

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

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

	Notes	For the six months ended 30 June	
		2024	2023
		(Unaudited)	(Unaudited)
		RMB'000	*RMB'000*
Sales of goods to:			
Luye Trading	*(i)*	**494**	717
Lease and property management services from:			
Shandong Luye	*(ii)*	**965**	196
Biotech Park Development	*(ii)*	**3,699**	247
Luye Trading	*(ii)*	**14**	23
Nanjing Luye	*(ii)*	**582**	–
Testing services from:			
Shandong Luye	*(ii)*	**11**	14
EHS management services from:			
Shandong Luye	*(ii)*	**423**	374
Operation services from:			
Nanjing Luye	*(ii)*	**647**	295
Accommodation services from:			
Yunyue Winery	*(ii)*	**34**	23
Advances from:			
Luye Hong Kong	*(iii)*	**1,425**	–
Payments on behalf by:			
Shandong Luye	*(iii)*	**5,223**	8,020
Biotech Park Development	*(iii)*	**1,033**	890
GeneLeap Biotechnology	*(iii)*	**1,233**	771
Yantai Luye	*(iii)*	**–**	119
Repayments to:			
Shandong Luye	*(iii)*	**20,676**	28
Biotech Park Development	*(iii)*	**2,607**	1,490
GeneLeap Biotechnology	*(iii)*	**1,211**	615
Yantai Luye	*(iii)*	**38**	191

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 costs incurred and fees for similar transactions in the market.

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

(b) Other transactions with related parties:

As at 30 June 2024, Shandong Luye, the Company's immediate holding company, and Yantai Luye, shareholder of Shandong Luye, have guaranteed the Group's bank loans amounting to RMB185,218,000 (31 December 2023: RMB210,273,000).

As at 30 June 2024, Shandong Luye, the Company's immediate holding company, has guaranteed the Group's bank and other borrowings amounting to RMB427,904,000 (31 December 2023: RMB100,000,000).

(c) Outstanding balances with related parties:

	30 June 2024 (Unaudited) *RMB'000*	31 December 2023 (Audited) *RMB'000*
Trade receivables:		
Luye Trading	**503**	554
Due to related parties:		
Shandong Luye*	**4,058**	17,499
Biotech Park Development**	**870**	2,031
Nanjing Luye	**1,888**	1,237
GeneLeap Biotechnology***	**43**	21
Yantai Luye***	**–**	38
Yantai Cellzone	**1,164**	1,164
Luye Hong Kong***	**2,808**	1,374
Nanjing Junshi	**1,532**	1,532
Yunyue Winery	**–**	11
	12,363	24,907
Lease liabilities:		
Biotech Park Development	**–**	1,190
Nanjing Luye	**739**	739
GeneLeap Biotechnology	**7,283**	7,813
	8,022	9,742

* At 30 June 2024, a balance of RMB3,141,000 was trade in nature (31 December 2023: RMB1,647,000), and a balance of RMB917,000 was non-trade in nature (31 December 2023: RMB15,852,000).

** At 30 June 2024, a balance of RMB317,000 was trade in nature (31 December 2023: Nil), and a balance of RMB553,000 was non-trade in nature (31 December 2023: RMB2,031,000).

*** 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.

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

	For the six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**5,150**	5,256
Performance related bonuses	**1,884**	1,750
Pension scheme contributions	**438**	304
Share-based payment expense	**7,626**	7,390
Total compensation paid to key management personnel	**15,098**	14,700

MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

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

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

Our portfolio includes three commercial products, and our pipeline includes multiple novel biologics as drug candidates protected for their international intellectual property rights and a number of biosimilar candidates. In addition to China, we are also developing biopharmaceutical products in the overseas markets, including the United States ("**U.S.**"), the European Union ("**EU**") and Japan. Boasting a strong and differentiated portfolio as well as exceptional commercial capabilities across the value chain, we are well positioned to achieve long-term and sustainable growth going forward.

2024 Interim Review

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

During the Reporting Period, we recorded an increase in revenue of 38.9% to RMB362.9 million as compared to that of 2023, which demonstrated our continued capability to bring our biologics portfolio to market and maintain market share. As of the date of this announcement, three of our products (Boyounuo®, Boyoubei® and Boluojia®) have been successfully marketed in Chinese Mainland (excluding Hong Kong, Macau and Taiwan regions of the People's Republic of China). These products has been sold to over 2,700 target hospitals and institutions in China. A number of post-marketing clinical observational studies have been carried out on Boyounuo® and Boyoubei®. In addition, our Boluojia®, the denosumab injection for anti-tumor indication, has been approved for marketing in May of 2024. We believe that with approvals of new products, the accumulation of more clinical data, the coverage of wider markets and various external collaborations with experienced partners, our business will continue to grow steadily.

For the progress of pipeline products, two candidates entered the biologics license application ("**BLA**") stage in China. The BLA of BA5101 has been accepted by the Centre for Drug Evaluation ("**CDE**") of the National Medical Products Administration ("**NMPA**") in China in May 2024. The BLA of BA9101 has been accepted by CDE in July 2024. The international multi-center phase 3 clinical study for our Denosumab Injection (BA6101 and BA1102) initiated in Europe, the U.S., and Japan completed patient enrollment in January 2024. The phase 3 clinical study of BA1104 is also progressing well. We also have one pipeline product (BA2101) entered phase 2 clinical trial and three pipeline products (BA1301, BA1202 and BA1106) progressing well in their phase 1 clinical trials in China. BA1301 have also been granted Orphan Drug Designations ("**ODD**") by the U.S. Food and Drug Administration ("**FDA**") for gastric cancer, including cancer of gastroesophageal junction. In addition, BA1302 has been approved to initiate clinical trials in China in July 2024 and BA5101 has been approved to initiate clinical trials in the U.S. in August 2024.

We continued to consolidate our R&D capabilities and industry influence. As of 30 June 2024, our R&D team had 300 experienced employees covering biopharmaceutical discovery research, biotechnology research, biopharmaceutical analysis research, biological activity research, non-clinical research, pilot process research, clinical research, regulatory affairs, project management and intellectual property and other R&D functions. From the beginning of 2024 to the date of this announcement, we had been granted three new patents worldwide. As of the date of this announcement, we have been granted 36 patents and have 48 pending patent applications worldwide.

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

We are actively exploring external business development and licensing-out arrangements. In January 2024, we entered into an agreement with Joincare Pharmaceutical Group Industry Co., Ltd. ("**Joincare**"), in relation to the exclusive licensing and commercialization of BA2101 in the treatment of asthma, chronic obstructive pulmonary disease ("**COPD**") and other respiratory system diseases in Chinese Mainland. We also entered into an agreement with the Zencore Biologics Co., Ltd. ("**Zencore Biologics**"), authorizing Zencore Biologics to use our self-developed stable cell line development platform non-exclusively, BA-HIEXcell® for the development of antibodies and therapeutic proteins in Chinese Mainland. In addition, we have discussed with a number of companies the out-licensing of our overseas business and have signed market cooperation agreements with partners in a number of emerging market countries.

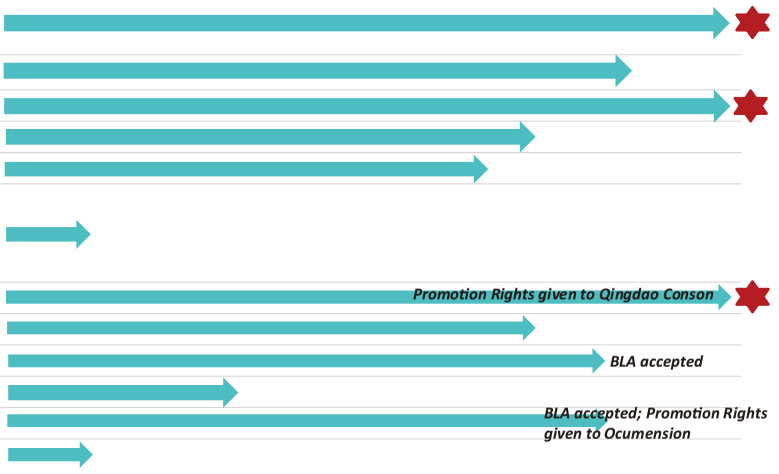
Apart from the abovementioned achievements, we also believe the following strengths and progress have contributed towards our success and differentiated us from other biopharmaceutical companies.

Risk-Balanced Product Pipeline

We, through years of efforts and dedication, have incubated a robust and risk-balanced portfolio, which brings us clear short-term commercial visibility and allows us to pursue long-term sustainable growth. Specifically, our portfolio, including three commercialized products, five investigational antibodies, and three biosimilar candidates currently, focuses on popular key therapeutic areas including oncology, metabolism, autoimmunity, and ophthalmology, which entail significant unmet needs and potential in China and overseas markets.

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

	Therapeutic area	Product (reference drug)	Target	Indication	Territory	Clinical trial region	Pre-clinical	IND	Phase 1	Phase 2	Phase 3	BLA filed	Launched
Innovative Antibody Portfolio	Oncology	BA1301	Claudin 18.2 ADC	Gastric cancer, pancreatic cancer, and esophageal cancer	Global	China							
		BA1202	CEA/CD3 (2:1)	CRC, pancreatic duct adenocarcinoma, etc.	Global	China							
		BA1106	CD25	Solid tumor	Global	China							
		BA1302	CD228 ADC	CRC, breast cancer, NSCLC, pancreatic cancer, etc.	Global	China							
	Autoimmune	BA2101	IL4R (Long-Acting)	Atopic dermatitis, asthma, sinusitis, pruritus, urticaria, COPD etc.	Global	China							
Biosimilar Portfolio	Oncology	Boyounuo® (BA1101, an Avastin® biosimilar)	VEGF	mCRC, advanced metastatic or recurrent NSCLC, recurrent glioblastoma, epithelial ovarian, fallopian tube or primary peritoneal cancer, cervical cancer and hepatocellular carcinoma	Global	China							
						Brazil							
		Boluojia® (BA1102, Xgeva® biosimilar)	RANKL	Bone metastases from solid tumors, and GCTB	Global	China							
						Overseas							
		BA1104 (Opdivo® biosimilar)	PD-1	Melanoma, NSCLC, malignant pleural mesothelioma, RCC, cHL, SCCHN, urothelial carcinoma, colorectal cancer, HCC, esophageal cancer, gastric cancer, gastroesophageal junction cancer, and esophageal adenocarcinoma	Global	China							
						Overseas							
	Metabolism	Boyoubei® (BA6101, Prolia® biosimilar)	RANKL	Osteoporosis	Global	China							
						Overseas							
		BA5101 (Trulicity® biosimilar)	GLP-1	Type 2 diabetes	Global	China							
						Overseas							
	Ophthalmology	BA9101 (Eylea® biosimilar)	VEGF	wAMD, RVO, DME, and DR	Global	China							
						Overseas							



Commercialized products

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

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

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

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

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

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

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

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

Products to be commercialized in the near future

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

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

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

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

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

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

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

Pursuant to a collaboration and exclusive promotion agreement entered in October 2020, we jointly developed BA9101 with Ocumension Therapeutics (a company listed on the Main Board of the Stock Exchange with Stock code: 1477) in the phase 3 clinical trial of BA9101. We have granted Ocumension Therapeutics an exclusive right to promote and commercialize BA9101 in Chinese Mainland. We believe that Ocumension Therapeutics, as a well-known ophthalmology company with a professional team, will accelerate the 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 July 2024, the BLA for this drug has been accepted by the CDE of NMPA in China.

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

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

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

Other pipeline products

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

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

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

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

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

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

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

- In 2023, BA1106 entered a phase 1 clinical trial in China. As the date of this announcement, this phase 1 clinical trial is well progressing.

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

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

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

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

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

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

- In 2023, BA1301 entered a phase 1 clinical trial in China. As of the date of this announcement, this phase 1 clinical trial is well progressing.

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

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

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

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

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

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

Strong R&D Capabilities

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

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

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

Our high caliber R&D team has outstanding execution capability in drug development with a proven track record. As of 30 June 2024, our R&D team consisted of 300 experienced employees covering biopharmaceutical discovery research, biotechnology research, biopharmaceutical analysis research, biological activity research, non-clinical research, pilot process research, clinical research, regulatory affairs, project management and intellectual property and other R&D functions, most of whom had R&D and clinical experience of more than seven years.

As a biopharmaceutical company, we are keenly aware of the importance of establishing and protecting our intellectual property rights. We have filed a number of patent applications for our drug candidates in various jurisdictions, and expect to rely on a combination of patents, trademarks, trade secrets and other intellectual property rights, as well as employee and third-party confidentiality agreements, for safeguarding our intellectual properties. As of the date of this announcement, we have been granted 36 patents and have 48 pending patent applications worldwide.

Underpinned by our strong R&D capability, we have published 15 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 Manufacturing Capability with High Quality and Cost Efficiency

We have a sizable pilot and commercial production site located in Yantai, China. We employ a robust quality management system for the Yantai Site that meets various quality standards such as good manufacturing practice set by the relevant regulatory authorities of China and the EU QP. We have passed a number of audits in China and the EU QP. Our Yantai Site, having a total gross floor area of approximately 84,474 sq.m., houses a number of production lines with a total capacity of 2,000L for pilot production and 9,000L for commercial production, as well as two formulation filling lines for both pilot and commercial production as of the date of this announcement. Our manufacturing system including production, quality, engineering and etc. managed by a strong and integrated team, which as of 30 June 2024 had a total of 402 employees.

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

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

Well-Established Commercialization Capability

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

During the Reporting Period, we have increased sale of products by 28.2% to RMB332.5 million, compared to RMB259.3 million for the six months ended 30 June 2023, mainly driven by the continued solid growth of our first marketed product Boyounuo® (bevacizumab injection) coupled with the commercialization of Boyoubei® (denosumab injection).

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

We had an extensive distribution network of more than 210 distributors as of 30 June 2024, penetrating selected regions and reaching more than 2,700 target hospitals and institutions in China.

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

Extensive Collaboration with Various Resourceful Business Partners

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

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

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

Post Results Outlook

We have recorded a profit of RMB61.7 million for the six months ended 30 June 2024. This achievement, together with our half-yearly turnaround recorded from the six months ended 31 December 2023, have enabled us to secure positive profitability for the one-year period ended 30 June 2024. This makes us one of the few Biotech Companies (as defined under the Listing Rules) listed under Chapter 18A of the Listing Rules that have achieved positive earnings by relying on product sales revenue. It is currently expected that we can deliver positive earnings for the year ending 31 December 2024.

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

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

In terms of innovative drugs, our long-acting IL-4Rα product BA2101 have entered phase 2 clinical trials. Another 4 innovative drugs are progressing well in their phase 1 clinical trials and are expected to enter the next clinical stage in 2025. The relevant clinical results will also be presented and published in international academic journals or academic forums. With such a wealth of R&D progress, we hope that there will be more opportunities for global cooperation in relation to our pipeline products in the near future as well.

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

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

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

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

Accelerate products portfolio towards commercialization in selected overseas markets

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

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

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

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

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

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

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

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

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

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

Continue to improve earnings and profitability

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

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the Group's revenue amounted to approximately RMB362.9 million, as compared to RMB261.2 million for the six months ended 30 June 2023, representing an increase of approximately RMB101.7 million, or 38.9%. The increase was mainly attributable to the sustained growth of sales of Boyounuo® (BA1101) and Boyoubei® (BA6101) in China.

Cost of Sales

Our cost of sales amounted to RMB80.3 million for the six months ended 30 June 2024, which accounted for approximately 22.1% of our total revenue for the same period (for the six months ended 30 June 2023: 39.4%). The decrease in cost of sales margin was mainly due to the increase of production volume in the six months ended 30 June 2024 and the upgrades in the Group's product manufacturing processes resulting in a lower unit manufacturing cost in 2024.

Gross Profit

For the six months ended 30 June 2024, the Group recorded a gross profit of approximately RMB282.6 million, representing an increase of approximately RMB124.4 million, or 78.6%, as compared with that for the six months ended 30 June 2023.

Other Income and Gains

Other income and gains consist of government grants, bank interest income and others. Government grants mainly represent subsidies received from local government authorities to support the Group's research and development activities and operation. For the six months ended 30 June 2024, the Group's other income and gains increased to RMB36.1 million, as compared to RMB1.7 million for the six months ended 30 June 2023, representing an increase of approximately RMB34.4 million. The increase was mainly attributable to an increase in government grants recognised during the Period.

Administrative Expenses

Our administrative expenses decreased from RMB26.6 million for the six months ended 30 June 2023 to RMB24.3 million for the six months ended 30 June 2024, primarily because of the decrease in professional consulting fees and the enhancement of scientific and efficient management measures during the Period.

Selling and Distribution Expenses

For the six months ended 30 June 2024, the Group's selling and distribution expenses amounted to RMB134.2 million, as compared to RMB117.1 million for the six months ended 30 June 2023, representing an increase of RMB17.1 million, or 14.6%. 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 2024, the Group's recognised R&D expenses of approximately RMB85.8 million, representing a decrease of approximately RMB40.2 million as compared with that to the six months ended 30 June 2023. The decreased R&D expenses was mainly due to the increase in R&D investment capitalised into deferred development costs and more of the Group's R&D projects had progressed to phase 3 clinical trial in the second half of 2023.

Finance Costs

For the six months ended 30 June 2024, the Group's finance costs amounted to RMB12.6 million, as compared to RMB6.3 million for the six months ended 30 June 2023.

Income Tax Expense

For the six months ended 30 June 2024, the Group recorded income tax expense of nil, as compared to RMB0.2 million for the six months ended 30 June 2023.

Profit/Loss for the Period

As a result of the above, our profit for the Period amounted to RMB61.7 million for the six months ended 30 June 2024, as compared to the loss of RMB119.5 million for the six months ended 30 June 2023.

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 2024, 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 2024, we had cash and cash equivalents of RMB172.1 million, representing a decrease of RMB29.8 million, or 14.8%, compared to RMB201.9 million as at 31 December 2023. As at 30 June 2024, the Group had net current assets of approximately RMB193.4 million, as compared to approximately RMB59.7 million as at 31 December 2023, representing an increase of RMB133.7 million. The current ratio of the Group increased to approximately 1.35 as at 30 June 2024 from approximately 1.09 as at 31 December 2023. The increase in net current assets was mainly attributable to higher trade and notes receivables.

As at 30 June 2024, the Group had an aggregate interest-bearing bank and other borrowings of approximately RMB654.2 million, as compared to approximately RMB396.2 million as at 31 December 2023. The balances of the bank loans to the Group as at 30 June 2024 and 31 December 2023 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 2024 was attributable to the discounted notes receivable of RMB14.7 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 1.22% to 2.12% to fund its daily operations. In 2024, the Group had entered into a loan facility of RMB300 million with China Jingu International Trust Co., Ltd., to facilitate the swift development and marketing of various products and accelerate the Company's commercial success.

Amongst the loans and borrowings, approximately RMB177.4 million are repayable within one year, and approximately RMB476.8 million are repayable after one year. As at 30 June 2024, the Group's borrowings were primarily denominated in RMB, and the cash and cash equivalents were primarily denominated in RMB.

Gearing Ratio

As at 30 June 2024, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, increased to 47.0% from 30.0% as at 31 December 2023. The increase was primarily due to an increase in the Group's borrowings 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 RMB234.1 million (31 December 2023: RMB225.0 million). They primarily relate to expenditures expected to be incurred for the purchase of machinery and renovation of our existing laboratories and buildings.

Significant Investments, Acquisitions and Disposals

As at 30 June 2024, there were no significant investments held by the Group or future plans for significant investments or capital assets.

The Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures for the six months ended 30 June 2024.

Contingent Liabilities

The Group did not have any contingent liabilities as at 30 June 2024.

Charges on Group Assets

As at 30 June 2024, certain of the Group's property, plant and equipment and right-of-use assets with an aggregate amount of RMB255.7 million were pledged to secure its bank and other borrowings.

Hedging Activities

As at 30 June 2024, the Group did not use any financial instruments for hedging purposes and did not enter into any hedging transactions in respect of foreign currency risk or interest rate risk.

Employees and Remuneration Policy

As at 30 June 2024, the Group employed a total of 777 employees, as compared to a total of 745 employees as at 30 June 2023. For the six months ended 30 June 2024, the staff costs, (including Directors' emoluments but excluding any contributions to pension scheme), were approximately RMB86.4 million as compared to RMB85.1 million for the six months ended 30 June 2023. 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.

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 2024. The Group does not have plans for material investments or capital assets.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 7 August 2024, the Company completed the placing of a total of 26,655,600 new shares, representing approximately 4.97% of the total issued shares (as enlarged by the allotment and issue of such placing shares), have been placed in the Company at the placing price of HK$9.50 per placing share. For details of the placing, please refer to the Company's announcements dated 31 July 2024 and 7 August 2024. Subsequent to the placing, the articles of association of the Company was proposed to be amended to reflect the corresponding changes to the capital structure and registered capital of the Company (the "**Amendment**"). For details of the Amendment, please refer to the Company's announcement dated 23 August 2024.

PRE-EMPTIVE RIGHTS

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

INTERIM DIVIDEND

No interim dividend was declared by the Company for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

CORPORATE GOVERNANCE PRACTICES

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

During the six months ended 30 June 2024, the Company has complied with all the applicable code provisions set out in the CG Code, except for the following deviation:

Code provision C.2.1 of the CG Code

Under C.2.1 of the CG Code, the chairman and the chief executive should be separate and should not be performed by the same individual.

Under the current organisation structure of the Company, Ms. Jiang Hua is the chairlady and chief executive officer. With extensive experience in the pharmaceutical industry, the Board considers that Ms. Jiang Hua should continue to assume the roles of chairman and chief executive officer during the six months ended 30 June 2024 as this arrangement will improve the efficiency of our decision-making and execution process given her knowledge of the Group's affairs. The Company has put in place an appropriate check-and-balance mechanism through the Board and its independent non-executive Directors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms meeting the required standards as set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules (the "**Model Code**"). Specific enquiry has been made to all the Directors and Supervisors and the Directors and Supervisors have confirmed that they have complied with the Model Code throughout the six months ended 30 June 2024.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale and redemption of any listed securities (including treasury shares) of the Company by the Company or any of its subsidiaries for the six months ended 30 June 2024. As at 30 June 2024, the Company did not hold any treasury shares.

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 2024 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 2024 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.

PUBLICATION OF THE INTERIM RESULTS AND 2024 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.boan-bio.com), and the 2024 interim report containing all the information required by the Listing Rules will be published on the respective websites of the Stock Exchange and the Company in due course.

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

The People's Republic of China, Yantai, 27 August 2024

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