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Beijing Luzhu Biotechnology Co., Ltd.
北京綠竹生物技術股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2480)

POSITIVE PROFIT ALERT – REDUCTION IN LOSS

This announcement is made by Beijing Luzhu Biotechnology Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors of the Company (the “**Directors**”) would like to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited condensed consolidated results of the Group for the six months ended June 30, 2023, and information currently available to the Board, it is expected that the Group will experience a significant decrease in net loss and a decrease in adjusted net loss for the six months ended June 30, 2023, as compared to the six months ended June 30, 2022. Details are described below:

- (a) the Group expects to record a net loss of not more than RMB80 million for the six months ended June 30, 2023, representing a decrease of not less than 87% as compared to the net loss of approximately RMB652 million for the six months ended June 30, 2022. Such reduction in net loss was mainly due to (i) there being no fair value loss of financial liabilities at fair value through profit or loss (the “**Fair Value Loss**”) recorded for the six months ended June 30, 2023, as the shares issued to Pre-IPO Investors (as defined in the prospectus of the Company dated April 25, 2023) had been reclassified from financial liabilities to equity at their fair value in June 2022. On the other hand, the Fair Value Loss for the six months ended June 30, 2022 amounted to approximately RMB552 million; and (ii) a decrease in research and development expenses of not more than RMB27 million as there was a decrease in amortized share-based payments for the six months ended June 30, 2023, partially offset by an increase in listing expenses of not more than RMB15 million; and

- (b) adjusted net loss is not calculated in accordance with the International Financial Reporting Standards (the “IFRSs”), hence is a non-IFRSs measure. It represents the net loss of the Group excluding Fair Value Loss and listing expenses, which are non-recurring, non-cash and/or non-operating in nature and not indicative of the actual operating performance of the Group. The adjusted net loss of the Group is expected to decrease from approximately RMB88 million for the six months ended June 30, 2022 to not more than RMB55 million for the six months ended June 30, 2023, primarily due to the decrease in research and development expenses with the reasons mentioned above. The Board wishes to highlight that the use of non-IFRSs measure has limitations as an analytical tool, and Shareholders and potential investors of the Company should not consider it in isolation from, or as a substitute for or superior to analysis of, the results of operations or financial condition of the Group as reported under IFRSs. In addition, the non-IFRSs measure adopted by the Group may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

As of the date of this announcement, the Company is still in the process of finalizing the unaudited condensed consolidated results of the Group for the six months ended June 30, 2023. The information contained in this announcement is only a preliminary assessment by the management of the Group based on information currently available, and has not been reviewed or audited by the Company’s external auditors, nor approved by the audit committee of the Company. The actual results of the Group for the six months ended June 30, 2023 may differ from the information disclosed herein. Accordingly, the information contained in this announcement shall not be taken as a measure or indication of the Group’s current or future operating or financial performance nor shall it be taken as a representation by the Company of the corresponding figures as may be provided in due course in the interim results announcement of the Company for the six months ended June 30, 2023.

Shareholders and potential investors are advised to read carefully the interim results announcement of the Company for the six months ended June 30, 2023, which is expected to be published by the end of August 2023 in full compliance with the requirements under the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Beijing Luzhu Biotechnology Co., Ltd.
Mr. KONG Jian
Chairman and Executive Director

Hong Kong, August 9, 2023

As of the date of this announcement, the Board comprises Mr. KONG Jian, Ms. JIANG Xianmin and Ms. ZHANG Yanping as executive Directors; Mr. MA Biao and Mr. KONG Shuangquan as non-executive Directors; and Mr. LEUNG Wai Yip, Mr. LIANG Yeshe and Ms. HOU Aijun as independent non-executive Directors.