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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board (the "**Board**") of directors (the "**Directors**") of Beijing Luzhu Biotechnology Co., Ltd. (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2023 (the "**Reporting Period**"), together with comparative figures for the corresponding period in 2022.

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2023	2022	Change
	RMB'000	*RMB'000*	*(%)*
	(unaudited)	*(unaudited)*	*(unaudited)*
Other income	**5,339**	6,363	(16.1)
Other expenses	**(280)**	(2,895)	(90.3)
Other gains and losses, net	**16,830**	8,643	94.7
Fair value loss of financial liabilities at fair value through profit or loss ("**FVTPL**")	**–**	(551,546)	(100.0)
Administrative expenses	**(41,239)**	(44,603)	(7.5)
Research and development expenses	**(33,157)**	(55,186)	(39.9)
Finance costs	**(386)**	(343)	12.5
Listing expenses	**(26,459)**	(12,513)	111.5
Loss before tax	**(79,352)**	(652,080)	(87.8)
Income tax expense	**–**	–	–
Loss and total comprehensive expense for the period	**(79,352)**	(652,080)	(87.8)
Non-IFRSs Measure			
Adjusted loss for the period*(Note)*	**(52,893)**	(88,021)	(39.9)

Note: Adjusted for (i) fair value loss of financial liabilities at FVTPL, and (ii) listing expenses.

BUSINESS HIGHLIGHTS

On May 8, 2023, the Company was successfully listed on the Stock Exchange. In addition, the Group also completed the Phase II clinical trial of its Cored Product, LZ901, in China in May 2023. The results were statistically and clinically meaningful, and demonstrated a favorable profile. In terms of immunogenicity studies, the geometric mean concentration ("**GMC**"), geometric mean titer ("**GMT**") and the positive conversion rate of antibody in the high-dose LZ901 group were significantly higher than those in the low-dose cohorts. On the other hand, the GMC, GMT and the positive conversion rate of antibody in the high-dose and low-dose LZ901 group were significantly higher than those in the placebo group. In terms of safety studies, adverse events ("**AEs**") in the trial mainly occurred within 0-7 days, and the incidence rate of Grade I, Grade II and Grade III AEs of the trial vaccines were approximately 23.74%, 6.02% and 1.00%, respectively. No Grade IV AEs and no serious AEs had been observed during the Phase II clinical trial of LZ901 in China. The Phase II clinical trial data provide definitive basis for the Phase III clinical trial of LZ901 in China, which is expected to commence in the third quarter of 2023. Apart from China, the Group also initiated a Phase I clinical trial for LZ901 in the U.S. in February 2023, and has completed its subject enrollment in July 2023.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2023

	Notes	For the six months ended June 30,	
		2023	2022
		RMB'000	*RMB'000*
		(unaudited)	(unaudited)
Other income	*5*	**5,339**	6,363
Other expenses	*6*	**(280)**	(2,895)
Other gains and losses, net	*7*	**16,830**	8,643
Fair value loss of financial liabilities at fair value through profit or loss ("**FVTPL**")		**–**	(551,546)
Administrative expenses		**(41,239)**	(44,603)
Research and development expenses		**(33,157)**	(55,186)
Finance costs		**(386)**	(343)
Listing expenses		**(26,459)**	(12,513)
Loss before tax		**(79,352)**	(652,080)
Income tax expense	*8*	**–**	–
Loss and total comprehensive expense for the period	*9*	**(79,352)**	(652,080)
Loss per share (RMB)	*11*		
Basic		**(0.41)**	(6.64)
Diluted		**(0.41)**	(6.64)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2023

	Notes	**June 30, 2023** ***RMB'000*** **(unaudited)**	December 31, 2022 *RMB'000* (audited)
NON-CURRENT ASSETS			
Right-of-use assets	*12*	**106,679**	62,462
Property, plant and equipment	*13*	**346,810**	229,627
Intangible assets		**3,336**	3,437
Prepayments, deposits and other receivables	*14*	**37,395**	173,640
		494,220	469,166
CURRENT ASSETS			
Materials		**3,187**	2,535
Prepayments, deposits and other receivables	*14*	**4,916**	16,829
Financial assets at FVTPL		**381,982**	512,664
Bank balances and cash		**366,190**	68,976
		756,275	601,004
CURRENT LIABILITIES			
Advance payments received and other payables	*15*	**42,985**	84,714
Bank borrowing	*16*	**10,000**	–
Deferred government grants	*17*	**4,000**	9,400
		56,985	94,114
NET CURRENT ASSETS		**699,290**	506,890
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,193,510**	976,056
NON-CURRENT LIABILITIES			
Lease liabilities		**11,551**	11,219
Deferred government grants	*17*	**30,186**	27,371
		41,737	38,590
NET ASSETS		**1,151,773**	937,466
CAPITAL AND RESERVES			
Share capital	*18*	**202,450**	192,064
Reserves		**949,323**	745,402
TOTAL EQUITY		**1,151,773**	937,466

1. GENERAL INFORMATION

The shares of Beijing Luzhu Biotechnology Co., Ltd. (the "**Company**") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from May 8, 2023.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in research, development and production of vaccines and therapeutic biologics in the People's Republic of China (the "**PRC**").

The condensed consolidated financial statements for the six months ended June 30, 2023 are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Other than the accounting policies resulting from application of new and amendments to International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended June 30, 2023 are the same as those followed the audited financial statements for the year ended December 31, 2022.

Application of new and amendments to IFRSs

In the current interim period, the Group has applied the following new and amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2023 for the preparation of the Group's condensed consolidated financial statements:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform-Pillar Two model Rules

The application of the new and amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

For the purposes of resources allocation and performance assessment, the executive directors of the Company, being the chief operating decision makers, review the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one operating and reportable segment and no further analysis of this single segment is presented.

The Group did not record any revenue for the six months ended June 30, 2023 (six months ended June 30, 2022: nil). As at June 30, 2023, the Group's all non-current assets excluding financial instruments are located in the Mainland China and accordingly, no analysis of geographical information is presented.

5. OTHER INCOME

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Income from sales of immunoreagent testing kits	**1,023**	1,229
Government grants related to		
– Right-of-use assets and plant and machinery	**2,585**	1,473
– Research and development activities	**–**	3,590
– Others	**71**	18
Interest income on bank balances	**1,651**	41
Interest income from rental deposits	**9**	12
Total	**5,339**	6,363

6. OTHER EXPENSES

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Cost of immunoreagent testing kits sold	**280**	348
Issue costs for financial liabilities at FVTPL	**–**	2,547
Total	**280**	2,895

7. OTHER GAINS AND LOSSES, NET

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Fair value gains on financial assets at FVTPL	**10,226**	7,953
Foreign exchange gains, net	**6,579**	684
Others	**25**	6
Total	**16,830**	8,643

8. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current PRC enterprise income tax	**–**	–

No provision for PRC income tax was made as the Company and its PRC subsidiaries incurred tax losses for both periods.

No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Group's Hong Kong subsidiary that was subject to Hong Kong profit tax for both periods.

As at June 30, 2023, the Group had estimated unused tax losses of approximately RMB242,129,000 (December 31, 2022: RMB170,512,000) which are available for offset against future profits. Deferred tax asset has been recognized in respect of approximately RMB17,876,000 (December 31, 2022: RMB19,922,000) of such losses as at June 30, 2023. No deferred tax asset has been recognized in respect of the remaining approximately RMB224,253,000 (December 31, 2022: RMB150,590,000) due to the unpredictability of future profit streams as at June 30, 2023.

9. LOSS FOR THE PERIOD

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging:		
Staff costs, including directors' and supervisors' remuneration		
– salaries and other allowances	**11,668**	8,337
– retirement benefits	**1,011**	718
– equity-settled share-based payments included in administrative expenses	**27,695**	37,077
– equity-settled share-based payments included in research and development expenses	**7,036**	33,297
Total staff costs	**47,410**	79,429
Depreciation of right-of-use assets	**2,405**	2,114
Depreciation of property, plant and equipment	**5,244**	1,739
Amortization of intangible assets	**101**	34
Total depreciation and amortization	**7,750**	3,887
Short-term lease expenses	**85**	64
Cost of materials included in research and development expenses	**1,180**	1,480
Sub-contracting costs included in research and development expenses	**12,907**	11,849

10. DIVIDENDS

No dividends were paid, declared or proposed during the Reporting Period. The directors of the Company have determined that no dividend will be paid in respect of the Reporting Period (six months ended June 30, 2022: nil).

11. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss		
Loss for the period attributable to owners of the Company	**(79,352)**	(652,080)

	For the six months ended June 30,	
	2023	2022
	'000	*'000*
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**195,162**	98,189

For the purpose of calculation of diluted loss per share for the six months ended June 30, 2022, financial liabilities at FVTPL as detailed in Note 18 and directors options were not included as their inclusion would result in a decrease in loss per share.

12. RIGHT-OF-USE ASSETS

During the Reporting Period, the Group's right-of-use assets increased by RMB46,622,000 (six months ended June 30, 2022: nil) for leasehold land to construct the research and development and commercial manufacturing facility located in Beijing.

13. PROPERTY, PLANT AND EQUIPMENT

During the Reporting Period, the Group's construction in progress increased by RMB42,846,000 (six months ended June 30, 2022: RMB40,426,000) and RMB77,277,000 (six months ended June 30, 2022: nil) respectively for the commercial manufacturing facility located in Zhuhai and the research and development and commercial manufacturing facility located in Beijing.

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2023	December 31, 2022
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Prepayments for purchase of property, plant and equipment	**14,506**	108,921
Prepayments for right-of-use assets	**–**	45,277
Value added tax recoverable	**22,567**	19,129
Prepayments to suppliers and service providers	**4,346**	4,901
Deferred share issue costs for IPO	**–**	11,350
Rental deposits	**322**	313
Other prepayments	**35**	19
Others	**535**	559
Total	**42,311**	190,469
Analyzed as:		
Non-current	**37,395**	173,640
Current	**4,916**	16,829
Total	**42,311**	190,469

15. ADVANCE PAYMENTS RECEIVED AND OTHER PAYABLES

	June 30, 2023 ***RMB'000*** **(unaudited)**	December 31, 2022 *RMB'000* (audited)
Payables for research and development activities	**5,329**	2,424
Payables for acquisition of property, plant and equipment	**35,422**	67,093
Accrued salaries and other allowances	**2,119**	3,885
Accrued listing expenses	**–**	7,521
Accrued share issue costs for IPO	**–**	3,638
Other tax payables	**109**	107
Others	**6**	46
	42,985	84,714
Advance payments received and other payables denominated in:		
RMB	**41,825**	74,819
United States dollars	**1,160**	9,895
	42,985	84,714

16. BANK BORROWING

On March 30, 2023, the Group obtained a new bank borrowing of RMB10,000,000 (six months ended June 30, 2022: nil). The loan carries interest at 2.35% per annum and will mature in one year. The borrowing was guaranteed by one of the controlling shareholders of the Company, Mr. Kong Jian.

17. DEFERRED GOVERNMENT GRANTS

	June 30, 2023 ***RMB'000*** **(unaudited)**	December 31, 2022 *RMB'000* (audited)
Current	**4,000**	9,400
Non-current	**30,186**	27,371
	34,186	36,771

Movements in deferred government grants

	Deferred government grants related to			
	Plant and machinery ***RMB'000***	**Right-of-use assets** ***RMB'000***	**Research and development activities** ***RMB'000***	**Total** ***RMB'000***
At January 1, 2023 (audited)	**17,828**	**9,543**	**9,400**	**36,771**
Release of deferred government grants to profit or loss	**(1,118)**	**(1,467)**	**–**	**(2,585)**
At June 30, 2023 (unaudited)	**16,710**	**8,076**	**9,400**	**34,186**
At January 1, 2022 (audited)	18,023	12,478	16,800	47,301
Release of deferred government grants to profit or loss	(5)	(1,468)	(3,590)	(5,063)
At June 30, 2022 (unaudited)	18,018	11,010	13,210	42,238

Government grants include subsidies from local PRC governments which are specifically for (i) compensations of the capital expenditure incurred for purchase of plant and machinery and right-of-use assets, which are recognized over the useful life of the related assets and (ii) the research and development activities, which are recognized upon compliance with the attached conditions.

18. SHARE CAPITAL

	Number of shares ***'000***	**Share capital** ***RMB'000***
Issued and fully paid		
At January 1, 2022 (audited)	90,888	90,888
Exercise of directors options	8,695	8,695
Reclassification from financial liabilities at FVTPL *(Note i)*	92,481	92,481
At June 30, 2022 (unaudited)	192,064	192,064
At January 1, 2023 (audited)	192,064	192,064
Issue of shares upon IPO *(Note ii)*	10,386	10,386
At June 30, 2023 (unaudited)	202,450	202,450

Notes:

i. Upon signing of the series c financing agreement and the Company's submission of the listing application in June 2022, the Group's preference shares meet the definition of equity as the Group has no contractual obligation to deliver cash or a variable number of shares. Therefore, the preference shares were reclassified from financial liabilities to equity at their fair value, resulting in an increase of share capital of RMB92,481,000 and an increase of share premium of RMB2,034,582,000.

ii. On May 8, 2023, 10,386,000 ordinary shares with par value of RMB1 each of the Company were issued at Hong Kong dollars ("**HK$**") 32.80 by way of IPO, resulting in an increase of the share capital of RMB10,386,000. An amount of RMB289,797,000, being the excess of the consideration received of HK$340,660,800 (equivalent to approximately RMB300,183,000) over the par value of the ordinary shares of RMB10,386,000, was credited to share premium and share issue cost of RMB41,255,000 was debited to the share premium.

19. CAPITAL COMMITMENTS

	June 30, 2023 ***RMB'000*** **(unaudited)**	December 31, 2022 *RMB'000* (audited)
Capital expenditure in respect of the acquisition of equipment and machineries and construction projects contracted for but not provided in the condensed consolidated financial statements	**25,701**	13,498

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Research and development of product candidates

After two decades of research and development and introduction of technologies, the Group has established an innovative precision protein engineering platform empowering the full cycle of drug development, which provides a solid foundation for the development of the Group's human vaccines candidates, monoclonal antibody product candidates and bispecific antibody product candidates.

The Group's innovative antigen presentation technology for vaccine development starts from the concept of enhancing the immunogenicity of a target antigen, then streamlines the design of a recombinant virus vaccine antigen while retaining the primary structure of the natural antigen to enhance immunogenicity, improve safety and patient vaccination experience. The Group has an internally developed next-generation bispecific antibody development platform, Fabite®, of which the Group owns intellectual property rights, has competitive advantages in the development of bispecific antibody products for the treatment of relapsed/refractory hematological malignancies. Fabite® has a fully controllable mechanism of action and mode of administration to ensure the safety of patients. It can be used in a variety of immunotherapies based on the activation of T cells to kill cancer cells. Fabite® optimizes the purification process of bispecific antibodies, achieving high purity of monomers. At the same time, the Group has developed several types of liquid formulations to address stability issues, resulting in bispecific antibody solutions that can be stable for more than three years in storage conditions of 2-8°C.

By employing the Fabite® technology platform and mammalian expression technology platform and leveraging its in-house biologics manufacturing infrastructure and capabilities, the Group established a diversified and advanced product pipeline covering human vaccine candidates, monoclonal antibody product candidates and bispecific antibody product candidates.

LZ901

LZ901, the independently developed recombinant herpes zoster vaccine candidate and Core Product of the Group, has a tetrameric molecular structure to prevent shingles caused by varicella-zoster virus ("**VZV**"). Its molecular structure has doubled the Fc regions for antigen presenting cells ("**APCs**") to bind to compared to naturally occurring VZV antigen. LZ901 actively presents VZV antigens to immune cells to trigger an immune response. In addition, LZ901 has demonstrated high immunogenicity, efficacy and safety profile in both the pre-clinical studies and the Phase I clinical trial in China, while inducing specific humoral and cellular immunity.

The Group has completed the Phase II clinical trial for LZ901 in China in May 2023. The results were statistically and clinically meaningful, and demonstrated a favorable profile. In terms of immunogenicity studies, the geometric mean concentration ("**GMC**"), geometric mean titer ("**GMT**") and the positive conversion rate of antibody in the high-dose LZ901 group were significantly higher than those in the low-dose cohorts. On the other hand, the GMC, GMT and the positive conversion rate of antibody in the high-dose and low-dose LZ901 group were significantly higher than those in the placebo group. In terms of safety studies, adverse events ("**AEs**") in the trial mainly occurred within 0-7 days, and the incidence rate of Grade I, Grade II and Grade III AEs of the trial vaccines were approximately 23.74%, 6.02% and 1.00%, respectively. The high-dose cohorts, low-dose cohorts and placebo group reported incidence rate of AEs of approximately 29.0%, 23.0% and 13.0%, respectively. No Grade IV AEs and no serious AEs had been observed during the Phase II clinical trial of LZ901 in China. Riding on the Phase II clinical trial data which provide definitive basis for the Phase III clinical trial, the Group expects to initiate the multi-center, randomized, double-blind, placebo-controlled Phase III clinical trial for LZ901 in China in the third quarter of 2023, file Biologics License Application ("**BLA**") in the second half of 2024 for LZ901 to the NMPA, and achieve commercialization in the fourth quarter of 2025. In such connection, the subjects enrolled in the Phase I and Phase II clinical trial for LZ901 in China were aged 50 years and older, and the Group plans to expand the subject enrollment for the Phase III clinical trial for LZ901 in China to adults aged 40 years and older. In addition, the Group has received IND approval from the FDA in July 2022 for LZ901. The Group initiated a Phase I clinical trial for LZ901 in the U.S. in February 2023 and completed its subject enrollment in July 2023. The Group plans to complete the Phase I clinical trial for LZ901 in the U.S. in the first quarter of 2024. The Group plans to initiate a Phase II clinical trial for LZ901 in the U.S. in the second quarter of 2024 and complete the same in the third quarter of 2025. The Phase III clinical trial in the U.S. is expected to commence in the fourth quarter of 2025, and complete in the second quarter of 2027.

K3

K3, the independently developed recombinant human anti-tumor necrosis factor ("**TNF**")-α monoclonal antibody injection product candidate of the Group, is a biosimilar of Humira® (adalimumab) and mainly used for the treatment of various autoimmune diseases, such as rheumatoid arthritis, ankylosing spondylitis and plaque psoriasis. The Group has initiated the Phase I clinical trial in China in September 2018, in which K3 displayed pharmacokinetics consistent with adalimumab, and completed the Phase I clinical trial in December 2019. The Group plans to initiate a Phase III clinical trial for K3 in China in the first quarter of 2024, complete the Phase III clinical trial in the fourth quarter of 2024 and submit a BLA to the NMPA in the fourth quarter of 2024 or the first quarter of 2025. The Group expects K3 to receive BLA approval from the NMPA in the second half of 2025 and achieve commercialization in the fourth quarter of 2025, thereby expanding the market in China for adalimumab biosimilars.

K193

K193 is an independently developed bispecific antibody injection (B-lymphocyte antigen CD19 ("**CD19**")-cluster of differentiation 3 ("**CD3**")) product candidate of the Group for the treatment of B cell leukemia and lymphoma. K193 is the world's first bispecific antibody against CD19/CD3 with an asymmetric structure. K193 has an innovative molecular structure that was developed based on the internally developed bispecific antibody development platform of the Group, Fabite®, and the Group's mammalian expression technology platform, which makes it less prone to polymerization and decreased activity compared to other similar products in the market. During pre-clinical studies, K193 displayed high *in vivo* and *in vitro* anti-tumor activity, and its optimized formulation is stable and convenient to use. K193's unique mechanism of action endows it with a strong ability to treat various types of B cell leukemia and lymphoma. The safe and controllable administration of K193 also reduces the impact of patient stress caused by medication administration. In December 2019, the Group initiated a Phase I clinical trial of K193 in China and expects to complete the Phase I clinical trial in the first quarter of 2024. The Group plans to initiate a Phase II clinical trial for K193 in the second quarter of 2024 and complete the Phase II clinical trial of K193 in China in the fourth quarter of 2027.

The other pipeline candidates of the Group include recombinant varicella vaccine, recombinant rabies vaccine, K333 bispecific antibody for the treatment of myeloid leukemia and K1932 bispecific antibody for the treatment of lymphoma, which are all in the pre-clinical stage.

The following diagram summarizes the status of the product pipeline of the Group as of June 30, 2023:

Product Type	Product Pipeline	Indications	Pre-clinical	Clinical Trials			Expected Timetable
				Phase I	Phase II	Phase III	
Recombinant Vaccine	LZ901 (1)	Herpes zoster	China				Initiate Phase III in Q3 2023, submit a BLA in H2 2024, and achieve commercialization in Q4 2025
		Herpes zoster	US				Complete Phase I in Q1 2024 and initiate Phase II in Q2 2024
Monoclonal Antibody	K3(2)	Ankylosing spondylitis, rheumatoid arthritis, plaque psoriasis	China				Initiate Phase III in Q1 2024, submit a BLA in Q4 2024 or Q1 2025, and achieve commercialization in Q4 2025
Bispecific Antibody	K193	Relapsed/Refractory B-cell lymphoma/leukemia	China				Complete Phase I in Q1 2024 and initiate Phase II in Q2 2024
Recombinant Vaccine	Recombinant Varicella Vaccine	Varicella	China				Initiate Phase I in Q2 2024
Recombinant Vaccine	Recombinant Rabies Vaccine	Rabies	China				Submit a pre-IND application in Q4 2023
Bispecific Antibody	K333	Myeloid leukemia	China				Submit a pre-IND application in H2 2024
Bispecific Antibody	K1932	Relapsed/Refractory B-cell lymphoma	China				Submit a pre-IND application in H2 2024

Notes: (1) Core Product.

(2) K3 is a biosimilar of adalimumab and therefore, is not required to conduct a Phase II clinical trial.

For further details of the product candidates of the Group, please refer to the Prospectus.

THE COMPANY MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET THE CORE PRODUCT, OR ANY OTHER PRODUCT CANDIDATES.

Research and development

The in-house R&D team of the Group is involved in all stages of novel vaccine and biologic therapeutic candidates development, from pre-clinical studies, laboratory research to clinical trials, regulatory filing and manufacturing process development, and the Group has thereby established a full range of in-house product discovery capabilities, including recombinant protein design and optimization, amplification, cultivation and harvesting. With its R&D capabilities, the Group now possesses a diversified and advanced product pipeline covering human vaccine candidates, monoclonal antibody product candidates and bispecific antibody product candidates.

Manufacturing and quality assurance

The Group has R&D and manufacturing facilities in both Beijing and Zhuhai, and the Group plans to expand the scale of its R&D and manufacturing facilities as it further develops its business in future. The Group provides training to its manufacturing team to ensure that each team member possesses the skills sets and techniques required in the relevant product process, and comply with the quality control requirements, as well as applicable laws and regulations. As of June 30, 2023, the manufacturing team of the Group consisted of 29 personnel.

The Group also has a quality management system designed to adhere to national standards, including the GMP standards, covering substantially every aspect of the operations including product design, raw materials and manufacturing, among others. As of June 30, 2023, the Group had an experienced quality management team consisting of 28 personnel, all of whom had received professional training in regulations, GMP standards and quality control analysis methods.

FUTURE AND OUTLOOK

The Group plans to implement the following strategies to achieve the goals and visions of the Group:

- actively promote the clinical development of the Group's pipeline candidates including LZ901, K3 and K193;
- rapidly advance the development of the other pre-clinical product candidates of the Group, including recombinant varicella vaccine, recombinant rabies vaccine, K333 and K1932;
- expand the production capacity of the Group to meet growing market demand;
- lay out strategic plans to promote commercialization in China and abroad; and
- expand the product pipeline of the Group through independent development and/or collaboration.

FINANCIAL REVIEW

The following discussion is based on and should be read in conjunction with the financial information and accompanying notes included elsewhere in this announcement.

Other income

Other income of the Group decreased by approximately 16.1% from approximately RMB6.4 million for the six months ended June 30, 2022 to approximately RMB5.3 million for the six months ended June 30, 2023, which was primarily due to the decrease in government grants related to research and development activities of approximately RMB3.6 million as no government grant relating to research and development activities was recognized by the Group for the six months ended June 30, 2023, partially offset by an increase in interest income on bank balances of approximately RMB1.6 million resulting from the increase in bank deposits of the Group.

Set out below are the components of other income for the periods indicated:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Income from sales of immunoreagent testing kits	**1,023**	1,229
Government grants related to		
• Right-of-use assets and plant and machinery	**2,585**	1,473
• Research and development activities	**–**	3,590
• Others	**71**	18
Interest income on bank balances	**1,651**	41
Interest income from rental deposits	**9**	12
Total	**5,339**	6,363

Other expenses

Other expenses of the Group decreased by approximately 90.3% from approximately RMB2.9 million for the six months ended June 30, 2022 to approximately RMB0.3 million for the six months ended June 30, 2023. Such decrease was primarily attributable to the issue costs for financial liabilities at FVPTL of approximately RMB2.5 million incurred for the six months ended June 30, 2022 as a result of the issue of Shares pursuant to the series B+ financing of the Group completed in January 2022, whereas no such costs were recorded for the six months ended June 30, 2023.

Set out below are the components of other expenses for the periods indicated:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Cost of immunoreagent testing kits sold	**280**	348
Issue costs for financial liabilities at FVTPL	**–**	2,547
Total	**280**	2,895

Other gains and losses, net

Net other gains of the Group increased by approximately 94.7% from approximately RMB8.6 million for the six months ended June 30, 2022 to approximately RMB16.8 million for the six months ended June 30, 2023, which was primarily attributable to the increase in (i) net foreign exchange gains of approximately RMB5.9 million, and (ii) fair value gains on financial assets at FVTPL of approximately RMB2.3 million, representing the gains from our wealth management products.

Set out below are the components of net other gains for the periods indicated:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Fair value gains on financial assets at FVTPL	**10,226**	7,953
Foreign exchange gains, net	**6,579**	684
Others	**25**	6
Total	**16,830**	8,643

Fair value loss of financial liabilities at FVTPL

Fair value loss of financial liabilities at FVTPL of the Group decreased from approximately RMB551.5 million for the six months ended June 30, 2022 to nil for the six months ended June 30, 2023, as the Shares issued to pre-IPO investors of the Company had been reclassified from financial liabilities to equity at their fair value in June 2022.

Administrative expenses

Administrative expenses of the Group decreased by approximately 7.5% from approximately RMB44.6 million for the six months ended June 30, 2022 to approximately RMB41.2 million for the six months ended June 30, 2023, which was primarily due to the decrease in amortized share based payments of approximately RMB9.4 million, partially offset by an increase in depreciation of approximately RMB2.1 million resulting from the capital expenditure on property, plants and equipment.

Research and development expenses

Research and development expenses of the Group decreased by approximately 39.9% from approximately RMB55.2 million for the six months ended June 30, 2022 to approximately RMB33.2 million for the six months ended June 30, 2023, which was primarily due to the decrease in amortized share based payments of approximately RMB26.3 million.

Finance costs

Finance costs of the Group increased by approximately 12.5% from approximately RMB0.3 million for the six months ended June 30, 2022 to approximately RMB0.4 million for the six months ended June 30, 2023, which was primarily attributable to the increase in bank borrowings of the Group.

Listing expenses

Listing expenses of the Group increased by approximately 111.5% from approximately RMB12.5 million for the six months ended June 30, 2022 to approximately RMB26.5 million for the six months ended June 30, 2023 in line with the progress of the Listing and it is expected that no such expenses will be incurred in the future.

Loss before tax

As a result of the foregoing, the loss before tax of the Group decreased by approximately 87.8% from approximately RMB652.1 million for the six months ended June 30, 2022 to approximately RMB79.4 million for the six months ended June 30, 2023.

Income tax expenses

No Hong Kong profit tax was provided for as there was no estimated assessable profit of the Group's subsidiary in Hong Kong, which was subject to Hong Kong profit tax during the six months ended June 30, 2023.

Under the law of the PRC on Enterprise Income Tax (the "**EIT Law**") and implementation regulations of the EIT Law, the basic tax rate of the Company and the PRC subsidiaries of the Group is 25%. As the Group was loss-making for the six months ended June 30, 2022 and 2023, no income tax expenses were incurred.

Non-IFRSs Measure: Adjusted loss for the period

To supplement the unaudited consolidated interim results of the Group, which are prepared and presented in accordance with IFRSs, the Company uses additional financial measure which is not required by or presented in accordance with IFRSs, namely, adjusted loss for the period. The Group's adjusted loss for the period is not calculated in accordance with IFRSs, and it is a non-IFRSs measure. The Company believes that the adjusted loss for the period is useful for investors in comparing the Group's performance, and it allows investors to consider metrics used by the management of the Group in evaluating the Group's performance. Adjusted loss for the period represents the loss for the period excluding the effect of items that are non-recurring, non-cash and/or non-operating in nature and not indicative of the actual operating performance of the Group. The following table reconciles the loss and total comprehensive expenses under IFRSs to adjusted loss for the periods indicated:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Non-IFRSs measure:		
Loss and total comprehensive expenses for the period	**(79,352)**	(652,080)
Add:		
Fair value loss of financial liabilities at FVTPL	**–**	551,546
Listing expenses	**26,459**	12,513
Adjusted loss for the period	**(52,893)**	(88,021)

The adjusted loss for the period decreased by approximately 39.9% from approximately RMB88.0 million for the six months ended June 30, 2022 to approximately RMB52.9 million for the six months ended June 30, 2023. Such decrease was primarily attributable to the decrease in research and development expenses of approximately RMB22.0 million, as there was a decrease in amortized share-based payments for the six months ended June 30, 2023 as compared to the six months ended June 30, 2022.

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 Group's results of operations or financial condition as reported under IFRSs. In addition, the non-IFRSs measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measure presented by other companies.

Liquidity and capital resources

The bank balances and cash increased by approximately RMB297.2 million from approximately RMB69.0 million as of June 30, 2022 to approximately RMB366.2 million as of June 30, 2023, which was primarily due to the net proceeds from the Global Offering.

As of June 30, 2023, the Group has bank borrowings or loans of approximately RMB10.0 million which carries interest at 2.35% per annum and will mature in one year.

There had been no breach of loan agreement by the Group during the six months ended June 30, 2023.

Pledge of assets

As of June 30, 2023, the Group had no pledge of assets.

Contingent liabilities

As of June 30, 2023, the Group did not have any material contingent liabilities.

Gearing ratio

The gearing ratio is calculated using the Group's total liabilities divided by its total assets. As of June 30, 2023, the Group's gearing ratio was 7.9% (December 31, 2022: 12.4%).

Capital expenditure

The Group regularly incurs capital expenditures to expand and enhance its research and development facilities, establish manufacturing capacities and increase operating efficiency. The capital expenditures of the Group during the six months ended June 30, 2023 primarily consisted of expenditures on construction in progress and leasehold lands.

The Group's capital commitments increased from approximately RMB13.5 million as of December 31, 2022 to approximately RMB25.7 million as of June 30, 2023. The increase was primarily attributable to capital expenditures on machineries and equipment and construction in progress contracted but not yet incurred.

Foreign exchange

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect their financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit the exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the six months ended June 30, 2023, the Group did not enter into any currency hedging transactions.

Significant investments, material acquisitions and disposals

The Group did not have any significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures for the six months ended June 30, 2023.

Future plans for material investments or capital assets

As of June 30, 2023, the Group had no concrete plans for material capital expenditure, investments or capital assets. The Company will make further announcement(s) in accordance with the Listing Rules, where applicable, if any investments and acquisition opportunities materialize.

OTHER INFORMATION

Interim dividend

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2023 (for the six months ended June 30, 2022: nil).

Use of net proceeds from the Global Offering

The H Shares of the Company were listed on the Stock Exchange on May 8, 2023. The aggregate net proceeds received by the Company from the global offering of its H Shares ("**Global Offering**") after deducting underwriting commissions and other expenses payable by the Company in connection with the Global Offering, amounted to approximately HK$241.6 million. In such connection, the over-allotment option as described in the Prospectus had not been exercised. For details of the Global Offering, please refer to the Prospectus, the allotment results announcement of the Company dated May 5, 2023 and the announcement of the Company dated May 28, 2023 in relation to, among others, lapse of the over-allotment option.

The net proceeds from the Global Offering have been and will be used in accordance with the purposes as set out in the Prospectus. The following table sets forth the use of the net proceeds from the Global Offering as of June 30, 2023:

Proposed use of Proceeds	**Allocation of the net proceeds from the Global Offering** *(HK$ million)*	**Percentage of total net proceeds** *(%)*	**Utilized amount (as of June 30, 2023)** *(HK$ million)*	**Unutilized amount (as of June 30, 2023)**[(Note)] *(HK$ million)*
For clinical development, manufacturing and commercialization of the Core Product, LZ901.	140.7	58.2	–	140.7
To fund ongoing and planned clinical trials in China and the U.S. for LZ901	97.0	40.2	–	97.0
To fund commercial manufacturing of LZ901 in 2024 or after	14.6	6.0	–	14.6
To fund marketing and sales activities	29.1	12.0	–	29.1

Proposed use of Proceeds	Allocation of the net proceeds from the Global Offering *(HK$ million)*	Percentage of total net proceeds *(%)*	Utilized amount (as of June 30, 2023) *(HK$ million)*	Unutilized amount (as of June 30, 2023)[(Note)] *(HK$ million)*
For clinical development and manufacturing of K3.	53.4	22.1	–	53.4
To fund planned clinical trials for K3 between 2023 and 2024	38.8	16.1	–	38.8
To fund commercial manufacturing of K3 in 2024 or after	14.6	6.0	–	14.6
For construction of the second-phase commercial manufacturing facility in Zhuhai.	38.8	16.1	–	38.8
For working capital and other general corporate purposes.	8.7	3.6	–	8.7
Total	**241.6**	**100.0**	**–**	**241.6**

Note: As of June 30, 2023, the unused net proceeds were deposited with licensed bank(s) in Hong Kong or the PRC.

The Company expects that the net proceeds from the Global Offering will be used up by 2026.

Employee and remuneration policy

As of June 30, 2023, the Group employed 129 full-time employees. The Group has designed an evaluation system to assess the performance of its employees periodically. Such system forms the basis of the Group's determinations of whether an employee should receive a salary raise, bonus, or promotion. The Group believes the salaries and bonuses the employees receive are competitive with market rates.

The Group places strong emphasis on providing training to its employees in order to enhance their technical and product knowledge. The Group designs and offers different training programmes for its employees in various positions.

The Group makes contributions to the social insurance and housing provident fund for all of its employees in the PRC.

Employee Incentive Scheme

The Company adopted an employee incentive scheme ("**Employee Incentive Scheme**") on December 15, 2021 prior to the Listing. The Employee Incentive Scheme does not involve the grant of new Shares, nor options to subscribe for new Shares. Instead, eligible participants, being employees and consultants of the Group, are granted interests in Hengqin Luzhu LP, the Group's employee incentive platform. All interests under the Employee Incentive Scheme had been granted prior to the Listing. Please refer to "B. Further Information about the business of our Company - 3. Employee Incentive Scheme" in Appendix VII to the Prospectus for a summary of the principal terms of the Employee Incentive Scheme.

Compliance with corporate governance code

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, and the Directors recognize the importance of good corporate governance. The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules and the Company has adopted the Corporate Governance Code as its own code of corporate governance. The Corporate Governance Code has been applicable to the Company with effect from the Listing Date.

Pursuant to code provision C.2.1 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive should be segregated and should not be performed by the same individual. Mr. KONG currently serves as both the chairman of the Board and the general manager of the Company. While this will constitute a deviation from Code Provision C.2.1 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that (i) the Board comprises three independent non-executive Directors, and the Directors believe there is sufficient check and balance in the Board to protect the interests of the Group and the Shareholders; (ii) Mr. KONG is a Controlling Shareholder, the Directors are of the view that vesting both roles on him helps to maintain the continuity of the policies and the stability of the operations of the Company. The Board will continue to review the effectiveness of the corporate governance structure of the Group from time to time in order to assess whether separation of the roles of chairman and general manager is necessary.

Save as disclosed above, the Company has complied with all applicable code provisions of the Corporate Governance Code since the Listing Date and up to June 30, 2023. The Board will periodically review and enhance its corporate governance practices to ensure that the Company continues to meet the requirements of the Corporate Governance Code.

Compliance with the model code for securities transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules to regulate all dealings by Directors, Supervisors and relevant employees in securities of the Company and other matters covered by the Model Code.

Specific enquiry has been made to each Director and Supervisor, and all Directors and Supervisors have confirmed that they have complied with the applicable standards set out in the Model Code since the Listing Date and up to June 30, 2023. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company since the Listing Date and up to June 30, 2023.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there was no important event affecting the Group which occurred after June 30, 2023 up to the date of this announcement.

REVIEW OF INTERIM RESULTS

The Audit Committee, together with the management of the Company, has considered and reviewed the Group's interim results for the Reporting Period and the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters, and is of the view that the interim results of the Group are prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

The independent auditor of the Company, Deloitte Touche Tohmatsu, has also reviewed the Group's interim financial information for the six months ended June 30, 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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.luzhubiotech.com/).

The interim report of the Company for the six months ended June 30, 2023 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the aforementioned websites of the Stock Exchange and the Company in due course in accordance with the Articles of Association, the Listing Rules and applicable laws and regulations.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

"Audit Committee"	the audit committee of the Board
"Articles of Association"	the articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board" or "Board of Directors"	the board of directors of the Company
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules

"China", "Mainland China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administration Region and Taiwan
"Company", "the Company", or "Luzhu Biotechnology"	Beijing Luzhu Biotechnology Co., Ltd. (北京綠竹生物技術股份有限公司), a joint stock company established in the PRC with limited liability on July 19, 2013, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2480)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and, in the context of this announcement, refers to Mr. KONG, Ms. ZHANG Yanping (張琰平) and Hengqin Luzhu LP
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules and in this context, the Core Product refers to LZ901
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted Shares not currently listed or traded on any stock exchange
"FDA"	U.S. Food and Drug Administration, the U.S. federal agency responsible for regulating food and drugs
"GMP"	good manufacturing practice, and in the context of PRC laws and regulations, refers to guidelines and regulations from time to time issued pursuant to the PRC Drug Administration Law (中華人民共和國藥品管理法) as part of quality assurance which aims to minimise the risks of contamination, cross contamination, confusion, and errors during the manufacture process of pharmaceutical products and to ensure that pharmaceutical products subject to these guidelines and regulations are consistently produced and controlled in conformity to quality and standards appropriate for their intended use
"Group"	the Company and its subsidiaries
"Hengqin Luzhu LP"	Zhuhai Hengqin Luzhu Enterprise Management Partnership (LP) (珠海橫琴綠竹企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on January 14, 2021, and an employee incentive platform of the Group
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Hong Kong Luzhu"	Luzhu Biologics (Hong Kong) Co., Limited (綠竹生物製品(香港)有限公司), a company incorporated in Hong Kong with limited liability on December 20, 2021, and a direct wholly-owned subsidiary of the Company
"H Share(s)"	ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each and listed on the Main Board of the Stock Exchange
"K3"	the anti-human tumor necrosis factor ("**TNF**")-α monoclonal antibody injection product candidate
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on May 8, 2023
"Listing Date"	May 8, 2023, being the date on which the H Shares were listed on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"LZ901"	the recombinant herpes zoster vaccine candidate, a herpes zoster vaccine with a tetrameric molecular structure and the Core Product
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Mr. KONG"	Mr. KONG Jian (孔健), the executive Director, general manager, chairman of the Board, one of the promoters and one of the Controlling Shareholders
"NMPA"	the National Medical Products Administration of the People's Republic of China
"Prospectus"	the prospectus issued by the Company dated April 25, 2023
"R&D"	research and development
"Reporting Period"	the six-month period from January 1, 2023 to June 30, 2023
"Renminbi" or "RMB"	Renminbi Yuan, the lawful currency of China
"Share(s)"	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising Domestic Shares and H Shares

"Shareholder(s)"	holder(s) of Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of the Board of Supervisors
"%"	per cent

In this announcement, capitalized terms used shall have the same meanings as those defined in the Prospectus, and the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "subsidiaries" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this announcement have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages; in the event of any inconsistency, the Chinese versions shall prevail.

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

Hong Kong, August 21, 2023

As at the date of this announcement, the board of Directors 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 Yeshi and Ms. HOU Aijun, as independent non-executive Directors.