

# Jiang Hua - CEO, Boan Biotech

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28.05.2024

Tags: [China](#), [Boan Biotech](#), [Luye Pharma](#)

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*Boan Biotech CEO Jiang Hua outlines the Luye Pharma-acquired company's approach, securing stable revenues through its biosimilars while pursuing novel platforms and innovative drug development. She provides insights into the biotech's six biosimilar products, as well as its main technology platforms - including the foundational Human Antibody Transgenic Mouse platform - and the company's ambitions in China and beyond.*

## **Could you start by sharing your journey into biotechnology?**

My background is in economics, with my graduation dating back to 1998, majoring in World Economy. Initially, I sought to join a company with a global vision and franchise, driven by my career aspirations. I was particularly inspired by Chairman Liu of Luye Pharma, whose ambition was to innovate drugs and elevate China's local innovative drugs onto the global stage. In 1998, I joined Luye Group, embarking on a journey that began with trading and importing equipment to construct FDA-standardized facilities, making Luye one of the first Chinese companies to do so. Our pursuit of FDA standards was pivotal, as it facilitated the approval of our first NDDS drug in 2023, entirely conceived and produced in China. My role gradually evolved to managing company strategy, mergers, acquisitions, and investments. In 2014, Luye Pharma went public on the Hong Kong stock

market, marking a significant milestone in our globalization efforts, with a market cap of approximately USD 2 billion. Subsequent strategic moves included the acquisition of the Swiss company Acino's transdermal drug delivery systems business in 2016, bolstering our presence in developed countries, and the acquisition for USD 546 million of AstraZeneca's schizophrenia and bipolar disease business for emerging markets in 2018. These endeavours, coupled with internal R&D investments, propelled Luye into a global enterprise, operating in 80 countries by 2024.

In 2019, Luye Pharma acquired Boan Biotech to accelerate its global strategy in the field of biopharmaceuticals. The next year I joined Boan and have served as the CEO until now.

### **How does Luye Pharma handle marketing across its global operations?**

Luye Pharma's marketing approach varies across regions. In the UK and Germany, it employs direct sales, while in GCC countries, it adopts the same approach. However, in countries like France and Spain, it engages in business-to-business transactions and licensed business models, tailored to suit local dynamics. It is a mixed model that aligns with Luye Pharma's global expansion strategy.

### **It sounds like Luye Pharma has a robust global vision and has navigated various challenges along the way. Could you elaborate on how the company ventured into biotech?**

Luye Pharma's foray into biotechnology began in 2011 with strategic mergers and acquisitions, notably acquiring CDMO companies in Singapore, which had a rich history in antibody and monoclonal antibody research for big pharma. Leveraging this expertise, we relocated operations to China, laying the foundation for our own biotech divisions focused on antibody development. However, recognizing the distinct differences between chemical drug discovery and biotech, Luye Pharma decided to spin off the biotech division in 2020 to sharpen its focus. This spin-off was followed by raising funds from private equity investors, leading to our IPO journey. Luye Pharma remains a major shareholder of Boan Biotech, the resulting biotech entity. The swift progression, with IPO applications filed in Dec 2022, was facilitated by existing assets and expertise. By then, Boan Biotech had already incorporated three biosimilar drugs into its portfolio.

**Luye Pharma's ambition to become a global player is evident. Could you outline the vision of Boan Biotech?**

Boan Biotech's vision aligns with becoming a global leader in biotechnology. With over 25 years of industry experience, I recognize the cyclical nature of the capital market, especially within biotech. Therefore, our approach involves integrating stability with innovation. We have segmented our product portfolio accordingly, with biosimilars ensuring stable cash flow and newer antibody platforms like Human Antibody Transgenic Mouse and Phage Display Technology, Bispecific T-cell Engager Technology, and ADC Technology driving innovation and growth.

**Could you elaborate on the biotech drugs market, particularly regarding biosimilars and new drug development?**

It is crucial to note that the biotech drugs market, including biosimilars, predominantly targets the global market rather than solely China. In our product portfolio, we have six biosimilar products, comprising a fraction of the global market revenue, alongside others ranging from 0.5-3 percent. This underscores the global demand for biosimilars. Currently, two of our products are in Phase 3 trials internationally, encompassing the US, EU, and uniquely, Japan. Typically, Chinese companies conduct trials in Europe and the US, but our inclusion of Japan expands our reach. While we have already received approval for three products in China, our revenue aspirations extend beyond domestic markets. Our strategic roadmap involves three key steps: launching new drugs and biosimilars in China, expanding biosimilar products globally, and gaining approval for new drugs in international markets like the US and EU. This delineates our focus on both biosimilars for the global market and innovative drug development. While biosimilars hold significant revenue potential in China, their scale in the international market represents a considerable opportunity for growth.

**How would you characterize the significance of the Chinese market for Boan Biotech?**

The Chinese market remains highly attractive, boasting a population of 1.4 billion and sustained GDP growth. Moreover, government initiatives from departments like Science and Technology and Industry and Information continually incentivize companies to invest in new technologies, fostering a robust infrastructure and skilled workforce. China's expertise in areas like Chemistry, Manufacturing, and Controls (CMC) positions it as a global leader, particularly in biotech. Although

China's reimbursement system is evolving, it primarily draws inspiration from European models, which tend to be more moderate compared to the US or Japan. However, there is room for improvement, with lessons to be learned from Germany where pharmaceutical companies can initially set their own prices for new drugs, with government review and adjustment occurring later based on input from various stakeholders. I remain optimistic about the Chinese market's potential, both from a patient's perspective and as an industry player.

**What are the therapeutics that you are going to be focused on for China?**

Oncology, autoimmune, ophthalmic, and metabolic diseases are our focus areas. Our commercial strategy involves using our own sales force for oncology and collaborating with third parties for other areas, tailored to specific therapeutic needs.

**Biosimilars are attracting attention, but their uptake varies globally. What is driving your optimism about their prospects?**

I see biosimilars evolving into a business model akin to generics. Speed of development and cost are critical factors, much like in the generic drug space. Regulatory barriers, particularly in the US and EU, have historically impeded biosimilar adoption. However, recent regulatory shifts, such as the potential elimination of the interchangeability designation in the US and streamlined approval processes in the EU, are changing the landscape. For instance, the UK has already approved certain products based on phase one trials alone, signalling a more favourable environment for biosimilar development and market entry.

**How would you define the Boan Biotech global strategy for biosimilars?**

We currently have six biosimilar products, with three already authorized for market distribution. One of these is globally recognized as the first of its kind, marking our achievement as the initial company to complete phase 3 trials. Our proficiency in biosimilars is evident through our global presence and pioneering speed. In oncology, we are making strides with our PD-1 product, where we are one of only two companies advancing into phase 3 trials. Our strategy focuses on entering markets with high potential and being among the first to introduce products, ensuring their impact and market relevance. Additionally, we prioritize understanding IP expiration dates to strategically

position our offerings in specific markets, recognizing the significance of indications and IP protection in the pharmaceutical landscape.

**With speed and cost in mind, how do you envision the strategy for your biosimilars portfolio on a global scale, beyond China?**

Our facilities maintain global standards. As for commercialization, we do not plan to handle sales directly. Boan, being a smaller company, is not equipped like Luye. While we conduct R&D and registration globally, commercial activities will be outsourced through licensing agreements.

Our priority markets for licensing will be the US, EU, and Japan. Japan may come later due to IP expiration timelines, typically lagging behind the US and Europe by at least a year. Thus, our strategy prioritizes the US, followed by Europe and Japan.

**What enables Boan to proceed quickly in the biotech sector compared to others?**

We have an advantage because we handle everything in-house. This comprehensive approach includes antibody discovery, cell line development, and commercial scale production—all done internally. While some companies opt for external services through CROs or CDMOs, which can be costly and slow down communication, we maintain efficiency by managing everything internally.

It can be costly doing everything in-house, but outsourcing to CDMOs or CROs also incurs expenses. By keeping operations in-house, we prioritize speed, which ultimately helps us reduce costs in the long run. Additionally, having the entire value chain within our China-based company further enhances our efficiency.

**Boan Biotech seems to have multiple technology platforms. How do you plan to utilize these platforms strategically?**

We have three main technology platforms, with our Human Antibody Transgenic Mouse platform (BA-huMab<sup>®</sup> platform) being the foundational one. If you look at a benchmark company like Regeneron, they also have an in-house transgenic mice platform called Velocity. Similarly, our baseline for all platforms is our transgenic mouse. Our Bispecific T-cell Engager Technology Platform also stems from this transgenic mouse technology. As for ADCs, which are quite hot right

now, they require a combination of antibodies, linkers, and payloads. While we collaborate with third parties for some components, all the new antibodies are developed in-house from our transgenic mouse platform

**What kinds of collaborations do you have in place, especially in terms of partnering with multinational companies?**

We have various collaborations in place across different areas of our business. One type of collaboration involves commercial partnerships, such as our collaboration with an eye disease company, where they conduct phase trials and will handle commercialization in the future. Similarly, we have partnered with CP Qingdao, leveraging their expertise in aseptic processing for our products.

Additionally, we engage in R&D collaborations and licensing agreements. For instance, we licensed our product BA2101, focusing on respiratory disease indications. We have also entered into early-stage discovery collaborations, allowing companies to use our platform for screening new antibodies. Not all collaborations are publicly disclosed, as some are confidential due to their nature or stage of development.

Regarding announcements, we prioritize timing to maximize the value of our projects. For biosimilars, we typically wait until after completing phase three trials to announce or sign deals, while for new antibodies, demonstrating proof of concept in phase one trials is the opportune time. This strategic approach ensures that our collaborations are mutually beneficial and aligned with our long-term objectives.

**Given the low valuations and market caps of biotech companies in China, some may argue that they are inclined to make unfavourable deals due to their stock's low performance. What factors influence the decision-making process in this regard?**

It largely depends on the company's cash flow situation. Some companies may have a few years of runaway, even in challenging financial periods. Speaking for Boan, for instance, we experienced significant financial growth in the second half of 2023, becoming cash positive. Moreover, we recently secured a long-term loan of about 300 million RMB. With a stable cash position, we are not in desperate need of funds, which allows us to be selective and wait for the right opportunities to secure the best deals for our projects.

**Looking ahead, what are the key milestones Boan Biotech aims to achieve in the short to medium term?**

In the coming year, we have two significant milestones in sight. Firstly, we plan to file a Biologics License Application (BLA) for both the UK and EMEA, and the FDA and the JPMA later on, depending on the IP expiry period. This will mark a pivotal moment as it allows analysts and capital markets to include our international business in their financial models. Secondly, we anticipate securing a major licensing deal with MNCs for our new antibodies, which will be a game-changer for us. Our mission is to become China's leading biopharmaceutical innovative enterprise, and while we have a presence in China and Boston, we are cognizant of the evolving global landscape. Despite these challenges, we remain committed to our R&D investments and product development efforts. We expect to see stage efficacy results for at least three of our new drug candidates, paving the way for more global licensing deals. Despite the geopolitical situation, we remain focused on our objectives, believing that the progress of our work will not be significantly affected.

**Any final thoughts you would like to share about Boan Biotech with our audience who may not be familiar with the company?**

I believe we stand as one of the top pharmaceutical companies in China. Our ongoing commitment to research and development sets us apart, and we are open to discussions and collaborations with multinational partners who are interested in joining forces with us.

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